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HENDERSON LAND DEVELOPMENT COMPANY LIMITED
恒 基 兆 業 地 產 有 限 公 司
Incorporated in Hong Kong with limited liability
(Stock Code : 12)

2023 INTERIM RESULTS ANNOUNCEMENT

CHAIRMEN'S STATEMENT

INTERIM RESULTS AND DIVIDEND

The Group's (unaudited) underlying profit attributable to equity shareholders for the six months ended 30 June 2023 amounted to HK$6,073 million, representing an increase of HK$936 million or 18% over that of HK$5,137 million for the same period last year. Included therein was an attributable net gain of HK$1,591 million which was recorded as a result of the re-measurement of net assets of Sunlight Real Estate Investment Trust ("Sunlight REIT") at fair value under the equity method upon becoming an associate of the Group during the period. Underlying earnings per share were HK$1.25 (2022: HK$1.06).

During the period, an attributable share of fair value loss of HK$116 million (2022: HK$356 million) (which included the adjustments of cumulative fair value change of investment properties disposed of) was recorded after revaluation of the Group's completed investment properties and investment properties under development. Including such fair value loss, the Group's reported profit attributable to equity shareholders for the period under review amounted to HK$5,957 million, representing an increase of HK$1,176 million or 25% over that of HK$4,781 million for the same period last year. Reported earnings per share were HK$1.23 (2022: HK$0.99).

The Board has resolved to pay an interim dividend of HK$0.5 per share (2022: HK$0.5 per share) to shareholders whose names appear on the Register of Members of the Company on Thursday, 7 September 2023 and such interim dividend will not be subject to any withholding tax in Hong Kong.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed on Wednesday, 6 September 2023 and Thursday, 7 September 2023, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 5 September 2023. The interim dividend will be distributed to shareholders on Tuesday, 19 September 2023.

BUSINESS REVIEW

Hong Kong

Property Sales

The U.S. Federal Reserve continued to raise interest rates during the period. With interest rates increased eleven times since last year, all business sectors have been adversely affected. However, retail market sentiment has improved following the reopening of Hong Kong's borders at the beginning of this year.

During the period, the attributable revenue from the Group's property development in Hong Kong amounted to HK$4,301 million, representing an increase of HK$7 million compared with the same period last year. The corresponding pre-tax profit contribution amounted to HK$962 million, representing a decrease of HK$196 millon compared with the same period last year. The decrease in profit was mainly due to the lower profit margins of certain projects being accounted for during the period.

The first four phases of "Square Mile" series in the urban area, as well as Phases 1-3 of "One Innovale" in the New Territories, have had 90% or more of their residential units sold by the end of the reporting period. The retail blocks of "The Henley" in Kai Tak were disposed of in June 2023 at a total consideration of HK$528 million, with completion scheduled in the fourth quarter of this financial year. "Henley Park" was launched right after the end of the reporting period. In July, HKMC Insurance Limited raised the maximum property value being eligible for mortgage loans to 80% loan-to-value ratio to HK$15 million in respect of completed residential properties (if the loan-to-value ratio is progressively adjusted to 70%, the maximum eligible property value is up to HK$30 million). "Henley Park", which was launched in July, benefited from these measures and 264 residential units have been sold to date. "Baker Circle • Greenwich", which was launched in August, also sold well. For the six months ended 30 June 2023, the Group achieved attributable contracted sales of approximately HK$6,725 million in Hong Kong, representing a period-on-period increase of 10%.

At the end of June 2023, attributable contracted sales of Hong Kong properties, which are yet to be recognised in the accounts, amounted to approximately HK$14,824 million, of which approximately HK$6,991 million is expected to be recognised in the second half of 2023 upon completion of the developments and handover to buyers.

Property Development

As regards the Group's urban redevelopment projects (including the projects awarded by the Urban Renewal Authority), those with 80% to 100% ownership secured amounted to 3.4 million square feet in total attributable gross floor area, in addition to a total of approximately 0.6 million square feet in attributable gross floor area that is earmarked for sales launch in the second half of 2023.

The Group has made use of a multi-faceted approach to replenish its development land bank in Hong Kong. Except for those earmarked for rental purposes, there will be an ample supply of saleable area in the coming years as referred to in the following tables.

Below is a summary of properties held for/under development and major completed stock:

			Attributable saleable/gross floor area (million sq. ft.) *(Note 1)*	Remarks
(A)	**Area available for sale in the second half of 2023**			
1.	Unsold units from the major development projects offered for sale	(Table 1)	1.1	
2.	Projects pending sale in the second half of 2023	(Table 2)	1.5	
		Sub-total:	**2.6**	
(B)	**Projects in Urban Areas**			
3.	Existing Urban Redevelopment Projects	(Table 3)	0.9	Dates of sales launch are not yet fixed and one of them is pending finalisation of the amount of land premium with the Government
4.	Newly-acquired Urban Redevelopment Projects			
	4.1 with ownership fully consolidated	(Table 4)	2.8	Most of them are expected to be available for sale or lease in 2024-2025
	4.2 with 80% or above ownership secured	(Table 4)	0.6	Most of them are expected to be available for sale or lease in 2025-2027
	4.3 with over 20% but less than 80% ownership secured	(Table 5)	0.7	Redevelopments of these projects are subject to acquisition of full ownerships

5.	The Henderson Murray Road, Central	0.5	To be held for rental purposes upon completion of development
6.	Site 3 of New Central Harbourfront (Inland Lot No. 9088)	1.6	To be held for rental purposes upon completion of development
7.	Phase 2 of the project at 23 Shing Fung Road, Kai Tak	0.1	
	Sub-total:	**7.2**	
	Total for the above categories (A) and (B) development projects:	**9.8**	

(C) Major development projects in the New Territories

– Fanling North	4.3	*(Note 2)*
– Fanling Sheung Shui Town Lot No. 263 Kwu Tung	0.3	*(Note 3)*
– Others	0.4	*(Note 2)*
Sub-total:	**5.0**	
Total for categories (A) to (C):	**14.8**	

Note 1: *Gross floor area is calculated on the basis of the Buildings Department's approved plans or the Government's latest town planning parameters, as well as the Company's development plans. For certain projects, these details may be subject to change depending on the actual needs in future.*

Note 2: *Developable area is subject to finalisation of land premium.*

Note 3: *The Group finalised in-situ land exchange with land premium settled for this land lot in 2017.*

(Table 1) Unsold units from the major development projects offered for sale

There are 27 major development projects available for sale:

				At 30 June 2023			
Project name and location		Gross floor area (sq. ft.)	Type of development	No. of residential units remaining unsold	Saleable area remaining unsold (sq. ft.)	Group's interest (%)	Attributable saleable area remained unsold (sq. ft.)
1.	The Henley (Phases 1- 3 of The Henley) 7 Muk Tai Street Kai Tak	654,602	Commercial/ Residential	601	314,923	100.00	314,923
2.	Eden Manor 88 Castle Peak Road Kwu Tung	555,399	Residential	103	114,538	100.00	114,538
3.	The Knightsbridge 22 Shing Fung Road Kai Tak	641,165	Commercial/ Residential	543	498,246	18.00	89,684
4.	Miami Quay I 23 Shing Fung Road Kai Tak	574,614 *(Note 1)*	Residential	598	258,122	29.30	75,630
5.	The Holborn 1 Shau Kei Wan Road Quarry Bay	132,363	Residential	283	72,619	100.00	72,619
6.	One Innovale (Phases 1-3 of One Innovale) 8 Ma Sik Road, Fanling	612,685	Residential	110	52,538	100.00	52,538
7.	Baker Circle•Dover (Phase 1 of Baker Circle One) 38 Gillies Avenue South Hung Hom	120,779	Commercial/ Residential	183	47,499	100.00	47,499
8.	The Quinn•Square Mile 5 Sham Mong Road Mong Kok	242,518	Commercial/ Residential	153	43,588	100.00	43,588

9.	Baker Circle•Euston (Phase 2 of Baker Circle One) 33 Whampoa Street Hung Hom	110,378	Commercial/ Residential	94	26,174	100.00	26,174
10.	Wellesley 23 Robinson Road Mid-Levels West	156,900 *(Note 2)*	Residential	28	47,203	50.00 *(Note 2)*	23,602
11.	The Harmonie 233 Castle Peak Road Cheung Sha Wan	159,748	Commercial/ Residential	62 *(Note 3)*	21,522 *(Note 3)*	100.00	21,522 *(Note 3)*
12.	Caine Hill 73 Caine Road Mid-Levels	64,116	Commercial/ Residential	50	11,576	100.00	11,576
13.	The Upper South 71 Main Street Ap Lei Chau	40,318	Commercial/ Residential	47	9,509	100.00	9,509
14.	Aquila•Square Mile 38 Fuk Chak Street Mong Kok	180,427	Commercial/ Residential	30	9,460	100.00	9,460
15.	Cetus•Square Mile 18 Ka Shin Street Mong Kok	176,256	Commercial/ Residential	29	8,188	100.00	8,188
16.	The Royale – Phases 1-3 8 Castle Peak Road - Castle Peak Bay Tuen Mun	663,062	Residential	35	25,647	16.705	4,284
17.	Arbour 2 Tak Shing Street Tsim Sha Tsui	89,527	Commercial/ Residential	7	4,235	100.00	4,235
18.	The Hampstead Reach 8 Ping Kin Lane Yuen Long	27,868	Residential	2	3,602	100.00	3,602
19.	South Walk•Aura 12 Tin Wan Street Aberdeen	37,550	Commercial/ Residential	14	3,443	100.00	3,443
20.	The Addition 350 Un Chau Street Cheung Sha Wan	79,903	Commercial/ Residential	7	2,536	100.00	2,536

21.	The Richmond 62C Robinson Road Mid-Levels West	33,678	Commercial/ Residential	5	2,328	100.00	2,328
22.	Two•Artlane 1 Chung Ching Street Sai Ying Pun	90,102	Commercial/ Residential	8	1,676	100.00	1,676
23.	The Vantage 63 Ma Tau Wai Road Hung Hom	207,254	Commercial/ Residential	3	1,275	100.00	1,275
24.	PARKER33 33 Shing On Street Shau Kei Wan	80,090	Commercial/ Residential	2	1,134	100.00	1,134
25.	Global Gateway Tower 61A-61E and 63 Wing Hong Street Cheung Sha Wan	336,052	Industrial	Not applicable	75,693 *(Note 4)*	100.00	75,693 *(Note 4)*
26.	E-Trade Plaza 24 Lee Chung Street Chai Wan	173,850	Office	Not applicable	58,935 *(Note 4)*	100.00	58,935 *(Note 4)*
27.	Mega Cube 8 Wang Kwong Road Kowloon Bay	171,194	Office	Not applicable	48,622 *(Note 4)*	100.00	48,622 *(Note 4)*
			Total:	**2,997**	**1,764,831**		**1,128,813**

Note 1: *Representing the total gross floor area for the whole project.*

Note 2: *The Group's interest represents 25.07% of the development. After the allocation of the residential units, the Group holds jointly with one developer a 50/50 interest in the residential units so allocated.*

Note 3: *Representing the Group's entitlement for this Urban Renewal Authority project.*

Note 4: *Representing the office, industrial or shop area.*

(Table 2) Projects pending sale in the second half of 2023

In the absence of disruption caused by the pandemic or any other unforeseen delays, the following projects will be available for sale in the second half of 2023:

	Project name and location	Gross floor area (sq. ft.)	Type of development	No. of residential units	Residential gross floor area (sq. ft.)	Group's interest (%)	Attributable residential gross floor area (sq. ft.)
1.	Henley Park 8 Muk Tai Street Kai Tak (launched for sale in July 2023)	397,967	Residential	740	345,580 *(Note 1)*	100.00	345,580 *(Note 1)*
2.	Baker Circle•Greenwich (Phase 3 of Baker Circle One) 18 Bulkeley Street Hung Hom (launched for sale in August 2023)	108,733	Commercial/ Residential	278	77,126 *(Note 1)*	100.00	77,126 *(Note 1)*
3.	New Kowloon Inland Lot No. 6554, Kai Tak	1,205,061	Commercial/ Residential/ Government accommodation	2,060	1,074,563	30.00	322,369
4.	Phase 1, 1-27 Berwick Street, 202-220 Nam Cheong street and 1-14 Yiu Tung Street	289,475	Commercial/ Residential	738	242,982	100.00	242,982
5.	New Kowloon Inland Lot No. 6576, Kai Tak	722,054	Residential	1,590	722,054	30.00	216,616
6.	456-466 Sai Yeung Choi Street North	171,553	Residential	492	171,553	100.00	171,553
7.	1 Ka Shin Street Mong Kok	88,315	Commercial/ Residential	234	78,462	100.00	78,462
			Total:	**6,132**	**2,712,320**		**1,454,688**

Note 1: Representing the residential saleable area.

(Table 3) Existing Urban Redevelopment Projects

The Group has two existing projects under redevelopment or land-use conversion and the dates of their sales launch are not yet fixed. As outlined below, they are expected to provide about 0.9 million square feet in attributable gross floor area in the urban areas based on the Buildings Department's approved plans or the Government's latest town planning:

Project name and location	Site area (sq. ft.)	Expected gross floor area upon redevelopment (sq. ft.)	Group's interest (%)	Expected attributable gross floor area upon redevelopment (sq. ft.)
1. Yau Tong Bay Kowloon *(Note)*	808,398	3,981,712	22.80	907,830
2. 29A Lugard Road The Peak, Hong Kong	23,653	11,709	100.00	11,709
Total:	**832,051**	**3,993,421**		**919,539**

Note: The Government's provisional basic terms were accepted in April 2022. The amount of land premium is under appeal and it is pending the review by the Government.

(Table 4) Newly-acquired Urban Redevelopment Projects – with 80% to 100% ownership secured

The Group has 27 newly-acquired urban redevelopment projects with 80% to 100% ownership secured. Their expected attributable gross floor areas, based on the Buildings Department's approved plans or the Government's latest town planning, are as follows:

Project name and location	With 100% ownership secured Site area (sq. ft.)	With 100% ownership secured Expected attributable gross floor area upon redevelopment (sq. ft.)	With over 80% but less than 100% ownership secured* Site area (sq. ft.)	With over 80% but less than 100% ownership secured* Expected attributable gross floor area upon redevelopment (sq. ft.)	Total attributable gross floor area (sq. ft.)
Hong Kong					
1. 8 Castle Road Mid-Levels (formerly known as project at 4A-4P Seymour Road, Mid-Levels, with a 65% stake held by the Group)	52,453	306,850			306,850
2. 88 Robinson Road Mid-Levels	10,361	51,805			51,805
3. 94-100 Robinson Road Mid-Levels	12,160	60,783			60,783
4. 105 Robinson Road Mid-Levels	27,530	137,644			137,644
5. 33-39 Elgin Street Mid-Levels	4,944	42,497			42,497
6. 41-47A Elgin Street Mid-Levels	7,457	65,462			65,462
7. 1-4 Ladder Street Terrace Mid-Levels	2,859	13,907			13,907
8. 63 Macdonnell Road Mid-Levels	3,155	13,251			13,251
9. 13-21 Wood Road and 22-30 Wing Cheung Street Wanchai	8,600	76,798			76,798
10. 9-13 Sun Chun Street Tai Hang			2,019	18,171	18,171
11. 17-25 Sun Chun Street Tai Hang	4,400	47,739			47,739
12. 83-95 Shek Pai Wan Road and 2 Tin Wan Street Aberdeen	4,950	42,075	1,128	10,716	52,791
13. 4-6 Tin Wan Street Aberdeen			1,740	14,790	14,790
14. 983-987A King's Road and 16-22 and 24-94 Pan Hoi Street, Quarry Bay (50% stake held by the Group)			42,018	220,345	220,345
Sub-total:	**138,869**	**858,811**	**46,905**	**264,022**	**1,122,833**

Project name and location	With 100% ownership secured Site area (sq. ft.)	 Expected attributable gross floor area upon redevelopment (sq. ft.)	With over 80% but less than 100% ownership secured* Site area (sq. ft.)	 Expected attributable gross floor area upon redevelopment (sq. ft.)	Total attributable gross floor area (sq. ft.)
Kowloon and New Territories					
15. 16 Kimberley Road Tsim Sha Tsui (Block B, Champagne Court)			12,283	147,396	147,396
16. Various projects spanning Man On Street and Tai Kok Tsui Road Tai Kok Tsui	6,419	57,767	15,745	141,705	199,472 *(Note 1)*
17. 24-30 Fuk Chak Street, Tai Kok Tsui (50% stake held by the Group)			5,600	23,800	23,800
18. Phase 2, 1-27 Berwick Street, 202-220 Nam Cheong Street and 1-14 Yiu Tung Street, Shek Kip Mei	9,530	119,482			119,482
19. Various projects spanning Gillies Avenue South, Baker Street and Whampoa Street, Hung Hom	75,337	693,977			693,977 *(Note 2)*
20. 68A-70C To Kwa Wan Road, 58-70 Lok Shan Road, 14-20 Ha Heung Road, 1-7 Lai Wa Street and 1-9 and 2-8 Mei Wa Street, To Kwa Wan	42,467	382,205			382,205
21. Bailey Street/Wing Kwong Street Development Project, To Kwa Wan (This project was awarded by the Urban Renewal Authority with a 50% stake held by the Group)	79,718	358,732			358,732
22. 4 Liberty Avenue, Ho Man Tin			4,882	39,933	39,933
23. 280 Tung Chau Street Cheung Sha Wan (This project was awarded by the Urban Renewal Authority to Hong Kong Ferry (Holdings) Company Limited) (33.41% stake held by the Group)	16,038	33,643			33,643
24. 11-19 Wing Lung Street Cheung Sha Wan *(Note 3)*	6,510	58,300			58,300

25.	4-24 Nam Kok Road Kowloon City (76.468% stake held by the Group)	13,113	90,239			90,239
26.	67-83 Fuk Lo Tsun Road Kowloon City *(Note 3)*	10,954	92,425			92,425
27.	3 Mei Sun Lane Tai Po	7,976	49,006			49,006
	Sub-total:	**268,062**	**1,935,776**	**38,510**	**352,834**	**2,288,610**
	Total:	**406,931**	**2,794,587**	**85,415**	**616,856**	**3,411,443**

* *Their ownerships will be consolidated by proceeding to court for compulsory sale under the "Land (Compulsory Sale for Redevelopment) Ordinance". In the event that no court order is granted, the Group may not be able to complete the consolidation of the ownership for development.*

Note 1: Part of a cluster of over 1 million square feet of gross floor area, of which projects (namely, "Eltanin•Square Mile", "Cetus•Square Mile", "Aquila•Square Mile", "The Quinn•Square Mile" and the project at 1 Ka Shin Street) totalling a gross floor area of about 850,000 square feet have been offered for sale or is in the sales pipeline in the second half of 2023.

Note 2: Part of a cluster of over 1 million square feet of gross floor area, of which projects (namely, "Baker Circle•Dover", "Baker Circle•Euston" and "Baker Circle•Greenwich") totalling a gross floor area of about 340,000 square feet have been offered for sales or is in the sales pipeline in the second half of 2023.

Note 3: Developable area may be subject to finalisation of land premium.

(Table 5) Newly-acquired Urban Redevelopment Projects – with over 20% but less than 80% ownership secured

The Group has other acquisitions in progress, comprising 29 projects located in various urban districts. Currently, ownership ranging from over 20% to below 80% of each project has been achieved. If and when their ownerships are successfully consolidated, based on the Government's latest town planning, the total estimated attributable gross floor area would be about 1,830,000 square feet upon completion of redevelopment against their total attributable land areas of about 210,000 square feet. Based on the respective ownership currently secured by the Group for each project, the total pro-rata attributable gross floor area is about 660,000 square feet. Successful acquisitions of the above projects bear uncertainty. The Group may not be able to consolidate ownerships of all projects. Redevelopment can only be implemented upon acquisition of the full ownerships of the relevant projects.

Land Bank

The Group currently has a land bank in Hong Kong comprising a total attributable gross floor area of approximately 25.0 million square feet, made up as follows:

		Attributable gross floor area (million sq. ft.)
Properties held for/under development *(Note)*		13.7
Unsold units from major launched projects		1.1
	Sub-total:	**14.8**
Completed properties (including hotels) for rental		10.2
	Total:	**25.0**

Note: Including the total attributable developable area of about 4.7 million square feet from Fanling North and other projects, which are subject to finalisation of land premium.

Land in Urban Areas

In addition to those already in the sales pipeline as mentioned above, the Group has urban redevelopment projects of old tenement buildings with entire or over 80% ownership acquired, representing a total attributable gross floor area of about 3.4 million square feet, which are expected to be available for sale or lease in 2024 and beyond.

During the period, the Group completed the acquisition of all projects spanning To Kwa Wan Road, Lok Shan Road, Ha Heung Road, Lai Wa Street and Mei Wa Street, which will be consolidated into a 380,000-square-foot urban renewal project. As for the Site 3 of New Central Harbourfront (Inland Lot No. 9088), which was acquired by the Group in 2021, foundation works are in progress. The site will be developed in two phases into a 1,600,000-square-foot mixed-use project. In addition, there will be over 300,000 square feet of landscaped open space for public use. The Outline Development Plan for this project has been approved by the Town Planning Board. With the scheduled completion in the fourth quarter of 2026 and the fourth quarter of 2032 respectively for its two-phased development, this project is poised to be another landmark in the Central Business District of Hong Kong. Besides, the Group's 22.8% owned residential-cum-commercial project at Yau Tong Bay is pending the Government's review of the amount of land premium. This harbourfront development is expected to provide a total attributable gross floor area of about 900,000 square feet to the Group.

New Territories Land

During the period, the Group acquired further New Territories land lots of about 250,000 square feet. After taking into account the land bank adjustment, the Group's New Territories land reserves amounted to approximately 45.2 million square feet at the end of June 2023, representing the largest holding among all property developers in Hong Kong:

By District		**Attributable land area (million sq. ft.)**
Yuen Long District		25.9
North District		12.2
Tuen Mun District		3.7
Tai Po District and others		3.4
	Total:	**45.2**

The Group holds a total land area of 1.38 million square feet in Fanling North and Kwu Tung North New Development Areas, both in North District. Of this, three separate lots with a combined total land area of roughly over 600,000 square feet in Fanling North are assessed to be eligible for in-situ land exchange and the Government may resume the rest for public use by payment of cash compensation. The Group has applied for in-situ land exchange for these three separate land lots, which are in the process of finalising the land premium with the Government. According to the Government's latest Practice Note No.1/2022A, the deadline for accepting the binding basic terms of the in-situ land exchange will be extended from 30 June 2023 to 31 December 2023. These three lots have respective site areas of 234,000 square feet, 238,000 square feet and 257,000 square feet (including stakes owned by the Government and joint venture companies). Benefiting from the Government's proposed relaxation of plot ratio at these New Development Areas, the three land lots are expected to provide an aggregate residential gross floor area of approximately 3,732,000 square feet and a commercial gross floor area of approximately 545,000 square feet. Developable areas for these three sites are subject to finalisation of land premium. Provisional basic terms have been received for the three land lots. Last year, the Government introduced the standardisation of land premium assessment, which was applicable to Fanling North New Development Area. The standard land premium rates for the area were recently lowered to reflect market changes. However, the Group considered that finalisation of the land premium on the basis of the prevailing market price would be more appropriate.

In January 2014, the Government commenced its "Preliminary Feasibility Study on Developing the New Territories North" on an area of about 5,300 hectares. In September 2014, the Government announced the "Railway Development Strategy", including its long-term plan to further extend the railway line to Kwu Tung and Ping Che. In order to increase land supply for housing, the Government announced implementation of the "Yuen Long South Development Project" and "Kam Tin South Development Project". The Group holds certain pieces of land in these areas.

As for the "Hung Shui Kiu New Development Area Planning and Engineering Study", the area concerned comprises about 714 hectares in Yuen Long District. The Group holds a total land area of approximately 6.57 million square feet in this location. Under the draft Hung Shui Kiu and Ha Tsuen Outline Zoning Plan, a new town with a population of about 215,000 people and 60,000 additional flats is proposed, of which about 50% are currently designated for private developments. The Government is studying whether the proportion of public housing is to be increased. Benefiting from the Government's proposed relaxation of plot ratio at the Development Areas, certain sites are expected to be eligible for land exchange with a higher plot ratio. Impacts on the Group arising from these proposals are to be assessed. The Group will continue to work in line with the Government's development policies and will follow up closely on its development plans.

The Pilot Scheme for Arbitration on Land Premium, which was introduced by the Government in October 2014, was extended to October 2024. This Pilot Scheme aims to facilitate the early conclusion of land premium negotiations and expedite land supply for housing and other uses. The Group will thus consider requesting arbitration on its land exchange or lease modification cases when necessary.

In order to increase and expedite land supply, the Lands Department has already established a centralised Land Supply Section for accelerating "big ticket" lease modification and land exchange cases and further centralisation of premium assessments, so as to streamline and expedite the development process. The Group's Yau Tong Bay project is now handled by this section. In addition, the Development Projects Facilitation Office was set up under the Development Bureau to facilitate the processing of development approval applications for larger-scale private residential sites before commencement of works.

In 2020, the Government announced specific criteria in respect of the implementation framework for its "Land Sharing Pilot Scheme". In order to work in line with the Government's policy to alleviate the keen housing demand, after reviewing the Group's land holding in the New Territories the Group submitted an application to the relevant authority under this scheme in conjunction with another developer. The area concerned in this application is located in Lam Tsuen, Tai Po, covering a site area of about 2 million square feet or 19.3 hectares, which is slightly larger than Victoria Park in Hong Kong. It is proposed to build 12,120 housing units, of which 70% (8,484 units) will be for the Government's public housing, whilst the remaining 30% (3,636 units) will be for private housing development for sale. In November 2022, the project was supported by the advisory group and agreed in principle by the Executive Council. Planning and land exchanges will commence in 2023, whilst the project is expected to be completed in or before 2031. The Group hopes that by participating in this scheme, the relevant land resources can be used more efficiently with their development potential to be unleashed earlier.

In the 2021 Policy Address, the Government laid out a large-scale development plan of "The Northern Metropolis", which might have enormous impacts on the future outlook of the areas concerned and on Hong Kong as a whole. Subsequently in May 2023, the Government announced the "Initial Land-use Proposal on San Tin/Lok Ma Chau" and mentioned that various kinds of public-private partnership would be considered. The Group will follow up closely and work in line with this development plan.

Investment Properties

For the six months ended 30 June 2023, the Group's attributable share of gross rental income in Hong Kong (including the attributable share of contributions from subsidiaries, associates and joint ventures) increased by 3% period-on-period to HK$3,311 million. The attributable share of pre-tax net rental income (including the attributable contributions from subsidiaries, associates and joint ventures) also increased by 6% period-on-period to HK$2,472 million. Included therein is attributable gross rental income of HK$860 million contributed from the Group's attributable 40.77% interest in The International Finance Centre ("ifc") project (representing a period-on-period increase of 1%). The increase in rental income was mainly due to higher rental reversions for new lettings and renewal cases.

At 30 June 2023, the average leasing rate for the Group's major rental properties was 93%.

At the end of June 2023, the Group held a total attributable gross floor area of approximately 9.7 million square feet of completed investment properties in Hong Kong, with its breakdown as follows:

By type	Attributable gross floor area (million sq. ft.)	Percentage (%)
Shopping arcade or retail	5.4	56
Office	3.5	36
Industrial	0.4	4
Residential and hotel apartment	0.4	4
Total:	**9.7**	**100**

By geographical area	Attributable gross floor area (million sq. ft.)	Percentage (%)
Hong Kong Island	2.5	26
Kowloon	3.3	34
New Territories	3.9	40
Total:	**9.7**	**100**

Besides, there were about 8,400 car parking spaces attributable to the Group, providing another rental income stream.

Retail portfolio

During the period, the Group's retail portfolio recorded improved occupancy, whilst shoppers' traffic as well as overall tenant sales also surpassed pre-pandemic levels.

The Group maintains a customer-centric strategy and active portfolio management so as to ensure the competitiveness of its shopping malls. While closely monitoring market trends to refine the tenant-and-trade mix, the Group brought in numerous new tenants such as Michelin-starred restaurants, offering shoppers an unprecedented experience. In addition to the regular reconfiguration of its shopping malls, the Group also rolled out many innovative marketing campaigns to boost shopper's traffic and tenants' sales. For instance, in collaboration with WOLF(S), a popular boy band from Taiwan, "MCP x WOLF(S) Autograph Event" was held in MCP Central, Tseung Kwan O, successfully positioning the mall as a rendezvous for the younger generation. MOSTown in Ma On Shan also presented "The MOST Green Fin-est Summer Eco Camp" during summer, featuring the world's first 3.5-metre-tall MR.SHARK inflatable gaming installation plus various workshops, bringing customers a fun and playful experience. "H • COINS", the Group's integrated loyalty programme covering seven major malls, offers double bonus points, e-vouchers and other multiple rewards to enrich shoppers' experience. All promotional campaigns were well received, with "H • COINS" membership numbers increasing by 24% period-on-period.

The Group's "H Zentre" once again partnered with three leading commercial buildings in Central (including "H Code", "H Queen's and "18 On Lan Street") to launch an annual dining campaign, namely, "The Symphony of Taste". Top-tier restaurants at these entities were applauded for offering diners an array of international cuisines. The relevant dining vouchers were sold out on the day of release in July 2023.

Office portfolio

During the period, the local office leasing market was suppressed by high vacancies, a large supply pipeline and the increasing presence of co-working spaces. However, with high specifications and premium building quality, the Group's office properties continued to exhibit resilience.

The ifc in Central was almost fully let as it remained a preferred choice for both renowned multinational corporations and large mainland enterprises. The Group's other premium office properties on Hong Kong Island, such as "AIA Tower" in North Point and "FWD Financial Centre" in Sheung Wan, also performed steadily during the period. The recently-built office developments, namely "Harbour East" in North Point and "208 JOHNSTON" in Wanchai, continued to attract quality tenants from diverse industries, resulting in a further increase in occupancy rates.

The Group's office and industrial/office portfolio in Kowloon East, including "Manulife Financial Centre", "AIA Financial Centre", "78 Hung To Road" and "52 Hung To Road", also maintained satisfactory occupancies and rental levels despite fierce competitions in the area.

The Henderson, the Group's flagship office development, is nearing completion. With innovation, sustainability and a people-centric design at its core, this 465,000-square-foot super Grade-A office development is setting a new model for green office buildings. It will become a new landmark in the heart of Hong Kong's central business district upon its scheduled completion in late 2023. Pre-lease negotiations have been progressing well, and an international luxury brand has recently joined industry-leading firms like Christie's and Carlyle as one of The Henderson's distinguished tenants. The new tenant will occupy one whole floor of about 12,000 square feet at the building. The addition of this world-class project will further strengthen the Group's foothold in Hong Kong's central business district and serve as a new driver for the Group's recurrent income stream.

Construction

The Group is committed to building excellence in all its property developments. During the period, “The Quinn • Square Mile” in Mong Kok and “Baker Circle” in Hung Hom were accredited as the winners in the Hong Kong Mixed Use Development Category of “Real Estate Asia Awards 2023” and “Asia Pacific Property Awards 2023-2024” respectively. The Group’s residential development projects at Sai Yeung Choi Street North, Berwick Street and Square Mile (Phase 7) also received accolades in the relevant categories of these prestigious international award programmes. As for commercial development, “H Zentre” in Tsim Sha Tsui was named Merit Winner in the Hong Kong Non-Residential (New Building – Non-Government, Institution or Community) Category of the biennial “Quality Building Award 2022”.

Innovation and meticulous attention to every detail throughout the construction process, contribute to the Group’s success. For instance, bio-inspired silicone sealant for wet surfaces, being an innovative material jointly developed by the Group and its partner, won wide recognition for its quality and received the Award in the 48th International Exhibition of Inventions held in Geneva, Switzerland. The Group will continue to apply the latest technology and building devices so as to raise the quality of its development projects ever further.

The following development projects in Hong Kong were completed during the period under review:

	Project name and location	**Site area (sq. ft.)**	**Gross floor area (sq. ft.)**	**Type of development**	**Group’s interest (%)**	**Attributable gross floor area (sq. ft.)**
1.	Miami Quay 23 Shing Fung Road Kai Tak	104,475	574,614	Residential	29.30	168,362
2.	The Holborn 1 Shau Kei Wan Road Quarry Bay	13,944	132,363	Residential	100.00	132,363
3.	Caine Hill 73 Caine Road Mid-Levels	6,781	64,116	Commercial/ Residential	100.00	64,116
4.	The Symphonie 280 Tung Chau Street Cheung Sha Wan	16,308	144,345	Commercial/ Residential	33.41	33,643 *(Note 1)*
					Total:	**398,484**

Note 1: Representing the Group’s entitlement for this Urban Renewal Authority project.

Property Management

The Group’s property management companies, namely, Hang Yick Properties Management Limited, Well Born Real Estate Management Limited, H-Privilege Limited (which provides services to the Group’s urban boutique residences under “The H Collection” brand) and Goodwill Management Limited, manage in total about 82,000 apartments and industrial/commercial units, 10 million square feet of shopping and office space, as well as 20,000 car parking spaces collectively in Hong Kong.

In order to ensure that quality service is provided to all properties under their management, these property management companies implement an Integrated Management System complying with the requirements of ISO 9001 (Quality Management System), ISO 10002 (Complaints Handling Management System), ISO 14001 (Environmental Management System) and ISO 45001 (Occupational Health and Safety Management System). During the period, they received numerous awards such as “Hong Kong Top Service Brand” and “Q-Mark Service Certification” in recognition of their quality services.

As for community services, the property management subsidiaries collaborated with GDCD Association to organise a number of activities to promote sports and social inclusion during the period. Outstanding athletes were invited to hold various training classes in the residential properties under their management, so as to strengthen the connection with young people through sports, care for the underprivileged and arouse their environmental awareness. All activities were well received. In particular, the partner wheel yoga exercise in the "Yau Tsim Mong Wellness Gala" set a Sustainable Development Goal world record.

Mainland China

During the period, the Central Government set the directive for the property sector as "preventing risks and boosting demand". Various financial measures, such as lowering the deposit reserve ratios and loan interest rates, were launched so as to stabilise the economy, which in turn boded well for the property sector. In the first quarter of 2023, with further relaxation of anti-pandemic restrictions and the implementation of relevant measures, pent-up housing demand was released leading to a rebound in transaction volume, showing signs of property market recovery. However, the policy effectiveness and growth momentum have gradually faded since the second quarter of 2023, indicating that the foundation for such a recovery in the property market is not solid.

The following development projects were completed during the period:

	Project name	**Usage**	**Group's interest (%)**	**Attributable gross floor area (million sq. ft.)**
1.	Residential-com-commercial project in Chaoyang District, Beijing	Residential/ Commercial	50	0.26
2.	Runyue Huayuan, Guangzhou	Residential	10	0.03
3.	Emerald Valley, Nanjing	Recreational	100	0.01
4.	Phase 2, Wujiang project, Suzhou	Residential	50	0.45
5.	Residential project in Xiangcheng District, Suzhou	Residential	34.5	0.18
6.	Phase 1, Huli project, Xiamen	Residential	50	0.34
7.	Phases 3R5 and 1S1, La Botanica, Xian	Residential/ School	50	0.67
			Total:	**1.94**

The Group's mainland China strategy is as follows:

Property Investment: The Group focuses on the development of Grade-A office buildings. "Lumina Guangzhou" in Yuexiu District, Guangzhou and "Lumina Shanghai" at the Xuhui Riverside Development Area, Shanghai, which were both recently completed, received encouraging leasing responses and started to bring in rental income. For instance, the overall leasing rate for the 970,000-square-foot Grade-A office twin towers at "Lumina Guangzhou" was close to 80% at the end of June 2023. As tenants are moving in progressively, the Group's recurrent rental income is poised to further increase contributing to the growth momentum. The Group will continue to look for quality property investments in the core areas of major cities.

Property Development: The Group focuses on residential and composite development projects in major and leading second-tier cities, as well as new development opportunities brought by the Greater Bay Area strategic plan. Combining the Group's reputation, management expertise and financial strength, and the local developers' market intelligence, construction efficiency and cost advantages, the Group's joint venture projects have achieved the expected results. During the period, the Group continued to seek for property development opportunities with its new long-term strategic partner.

In March 2023, the Group entered into agreements to transfer its 25% equity interest in a company holding Nansha project in Guangzhou to CIFI Holdings (Group) Co. Limited ("CIFI", a mainland property developer listed in Hong Kong) for a consideration of RMB1,000 million (equivalent to approximately HK$1,130.0 million). Meanwhile, the Group acquired the remaining 50% equity interest in the Changan project in Shijiazhuang from CIFI at a consideration of approximately RMB948.3 million (equivalent to approximately HK$1,071.6 million) so as to have full ownership in this project. Both transactions were completed within this financial period under review.

At 30 June 2023, in addition to its holding of approximately 0.9 million square feet in attributable gross floor area of completed property stock, the Group held a development land bank in 15 cities with a total attributable gross floor area of about 20.66 million square feet. Around 76% of the land bank is planned for residential development:

Land bank under development or held for future development

		Group's share of developable gross floor area* (million sq. ft.)
Prime cities		
Beijing		0.52
Shanghai		0.42
Guangzhou		1.65
Shenzhen		0.21
	Sub-total:	**2.80**
Second-tier cities		
Changsha		0.89
Chengdu		6.48
Chongqing		0.83
Dongguan		0.43
Foshan		0.71
Shijiazhuang		3.60
Suzhou		1.17
Tianjin		0.95
Wuhan		0.70
Xian		2.04
Xuzhou		0.06
	Sub-total:	**17.86**
	Total:	**20.66**

* *Excluding basement areas and car parks.*

Usage of development land bank

		Estimated developable gross floor area (million sq. ft.)	Percentage (%)
Residential		15.60	76
Office		2.40	12
Commercial		2.13	10
Others (including clubhouses, schools and community facilities)		0.53	2
	Total:	**20.66**	**100**

Property Sales

Compared with the same period last year, due to a delay caused by the pandemic, fewer pre-sold residential units in mainland China were completed and delivered to buyers during the period. Hence, the attributable revenue and pre-tax profit contribution from the Group's property development for the period under review amounted to HK$3,265 million and HK$696 million respectively, representing period-on-period decreases of 26% and 35% respectively compared with same period last year.

During the period, the Group's attributable contracted residential sales increased by 14% period-on-period to approximately RMB3,340 million, which was equivalent to approximately HK$3,686 million. In addition, the sales of commercial properties and car parks amounted to RMB143 million (equivalent to approximately HK$158 million) in aggregate, as compared with RMB292 million (equivalent to approximately HK$349 million) for the same period last year. During the period, approximately 2.3 million square feet in attributable residential gross floor area was sold, representing a period-on-period increase of 36%. Major sales projects included "La Botanica" in Xian, "CIFI Centre" in Chengdu, Changan project in Shijiazhuang, the residential project in Chaoyang District, Beijing, Dongli project in Tianjin, as well as Wujiang project in Suzhou.

At the end of June 2023, attributable contracted sales of approximately HK$11,603 million are yet to be recognised in the accounts, of which approximately HK$6,946 million is expected to be recognised in the second half of 2023 upon completion of development and handover to buyers.

Investment Properties

At the end of June 2023, the Group held a total attributable gross floor area of approximately 12.5 million square feet of completed investment properties in mainland China, with its breakdown as follows:

By type	**Attributable gross floor area* (million sq. ft.)**	**Percentage (%)**
Commercial	3.8	30
Office	8.7	70
Total:	**12.5**	**100**

By geographical area	**Attributable gross floor area* (million sq. ft.)**	**Percentage (%)**
Beijing	2.2	18
Shanghai	6.8	54
Guangzhou	2.5	20
Other	1.0	8
Total:	**12.5**	**100**

* *Including lettable areas at basement.*

With the relaxation of pandemic containment measures by the end of 2022, various sectors in mainland China have gradually resumed their normal activities. Together with additional contributions from the recently completed investment properties (including both “Lumina Guangzhou” and “Lumina Shanghai”), the Group's leasing business continued to perform well during the period, with gross rental income growth in Renminbi terms. However, after taking into account the 7% period-on-period depreciation of Renminbi against Hong Kong Dollar, the Group’s attributable gross rental income decreased by 2% period-on-period to HK$1,056 million. Furthermore, due to higher marketing expenses for the recently completed investment properties, its attributable pre-tax net rental income decreased by 11% period-on-period to HK$758 million during the period.

In Beijing, "World Financial Centre" in Chaoyang Central Business District recorded a slightly lower occupancy during the period due to certain tenants’ business reshuffling and cost containment initiatives. However, with its “WELL Health-Safety Rating” awarded by International WELL Building Institute, coupled with reputable building quality and operation management, this International Grade-A office complex recently attracted leasing interests from many discerning corporations.

In Shanghai, “Henderson 688” at Nanjing Road West was 95% let by the end of June 2023. “Grand Gateway II” atop the Xujiahui subway station, “Henderson Metropolitan” near the Bund, “Greentech Tower” adjacent to the Shanghai Railway Station, as well as the joint-venture project in the Middle Huaihai Road business hub, were all about 90% let. “Centro” was affected by the growing competition among commercial developments in the district with the leasing rate at about 70%. In addition, the leasing response for the recently-completed “Lumina Shanghai” in the Xuhui Riverside Development Area was satisfactory. The 61-storey iconic office tower of its Phase 1 development, which boasts direct access to Longyao Subway Station, provides approximately 1,800,000 square feet of Grade-A office space. Various multinational corporations have already moved in progressively. Meanwhile, many specialty restaurants were added to its 200,000-square-foot shopping mall so as to give customers a diversified dining experience. The neighbouring 1,000,000-square-foot Phase 2 development, namely, “Lumina Shanghai II”, received “LEED v.4 Building Design and Construction: Core and Shell Development” gold certification from the US Green Building Council for its Tower 1 and Tower 2. Many renowned automobile corporations such as “BMW”, “Polestar” and “Zeekr” were thus secured as its office tenants.

In Guangzhou, “Lumina Guangzhou” is a composite development in Yuexiu District, sitting on the bank of the Pearl River with seamless connection to two subway lines. Its twin towers, which provide a total of about 970,000 square feet of Grade-A office space, are housing many well-known multinational corporations and local enterprises. The overall leasing rate was close to 80% at the end of June 2023. As for its 900,000-square-foot shopping podium and underground commercial area, movie theatres and specialty eateries have been opened successively, providing customers with a multifarious shopping and entertainment experience. “Hengbao Plaza”, which was previously adversely affected by the pandemic, actively optimised its tenant mix during the period under review so as to enhance its attractiveness.

Property Management

Shanghai Starplus Property Management Co., Ltd. (“Starplus”) currently manages the Group’s “World Financial Centre” in Beijing, as well as “Henderson 688”, “Henderson Metropolitan”, Greentech Tower”, “Centro” and “Lumina Shanghai II”, all in Shanghai. In addition, it provides property pre-management consultancy services to the Nanshan joint-venture development project in Shenzhen. At the end of June 2023, Starplus manages in total about 7,850,000 square feet of building space, including 3,300 car parking spaces in mainland China.

Starplus adopted management practices and professional accreditation principles complying with the requirements of ISO 9001 (Quality Management System), ISO 14001 (Environmental Management System), ISO 45001 (Occupational Health and Safety Management System), ISO 10002 (Complaints Handling Management System) and ISO 50001 (Energy Management System). Its commitment to professionalism has also been extended to the properties under its management. By virtue of its service excellence, Starplus has an established brand which is well recognised in the market, gaining wide support and trust from the public. Hence, Starplus received the designation as “China Excellent Property Management Company by ESG Development” from the Beijing China Index Academy. In addition, it was elected as the Council Member of Shanghai Property Management Association, as well as the Platinum Member of Building Owners and Managers Association China.

Henderson Investment Limited ("HIL")

HIL's (unaudited) loss attributable to equity shareholders for the six months ended 30 June 2023 amounted to HK$18 million, as compared with profit attributable to equity shareholders of HK$24 million as recorded in the corresponding period of last year. The loss is mainly attributable to (i) the lower sales from APITA at Taikoo Shing due to its phased renovations; and (ii) the decrease in customers' demand for food and daily necessities at HIL's supermarkets due to the lifting of social distancing measures since the end of 2022.

HIL's business activities are principally carried out by two wholly-owned subsidiaries: (i) Citistore (Hong Kong) Limited, which operates five department stores under the name of "Citistore" and four household specialty stores under the name of "Citilife" (hereinafter collectively referred to as "Citistore"); and (ii) Unicorn Stores (HK) Limited, which operates two department stores-cum-supermarkets under the name of "APITA" or "UNY" and two supermarkets under the name of "UNY" (hereinafter collectively referred to as "Unicorn").

(I) Citistore

Citistore recorded a period-on-period increase of 6% in the aggregate sales proceeds derived from the sales of own goods, consignment sales and concessionaire sales for the six months ended 30 June 2023.

Despite the net aggregate increase of HK$10 million period-on-period in gross profit and commission income taken together, Citistore's profit after taxation for the period under review merely increased by HK$1 million or 3% period-on-period to HK$41 million. This is mainly due to the absence of rent concessions from certain landlords and wage subsidies from the Government's "Employment Support Scheme" in the aggregate amount of about HK$12 million (after tax) as recorded in the corresponding period of last year.

(II) Unicorn

Due to the lifting of social distancing measures in Hong Kong since the end of 2022, customers' demand for food and daily necessities at supermarkets has decreased. Meanwhile, after completing the revamp of its ground floor and opening a new food court (namely, "APITA Eatery") in the basement last year, APITA at Taikoo Shing continued its renovation of the remaining shop areas (including its supermarket) and its sales were thus further affected during the period. As such, Unicorn recorded a period-on-period decrease of 17% in total proceeds derived from the sales of own goods and consignment sales for the six months ended 30 June 2023.

After deducting operation expenses, Unicorn recorded a loss after taxation of HK$54 million during the period. Whereas, a loss after taxation of HK$14 million was recorded in the corresponding period of last year and included therein was Unicorn's receipt of wage subsidies of HK$2 million from the Government's "Employment Support Scheme".

HIL has been striving to integrate the businesses of Citistore and Unicorn. In July 2023, their online shopping platforms were both merged into the "CU APP" mobile application. Shoppers can now place orders for both Citistore and Unicorn through this versatile mobile application, whilst earning bonus points and redeeming rewards. As for physical stores, APITA's phased renovations are progressing well and are expected to be fully completed in the fourth quarter of this year. Upon completion, APITA will offer a refreshing and comfortable shopping experience for customers.

In addition, the recently built centralised distribution centre and cold storage were operating smoothly during the period. Together with the continuing implementation of centralised procurement, HIL's operational efficiency and cost effectiveness are poised to be further enhanced.

Miramar Hotel and Investment Company, Limited ("Miramar")

Miramar's revenue for the six months ended 30 June 2023 amounted to HK$1,142 million, an increase of 93.3% against the corresponding period last year. Profit attributable to shareholders was HK$380 million with a year-on-year increase of 86.5%. Excluding the revaluation loss on fair value of investment properties of HK$17.1 million, the underlying profit attributable to shareholders increased by 90% to HK$400 million.

Hotels and Serviced Apartments Business

The occupancy rate of The Mira Hong Kong and Mira Moon during the first half of 2023 reached 91.1% and 95.2% respectively, while the average room rate also increased by 58.4% and 8.0% respectively. As a result, the revenue from room rental business of The Mira Hong Kong recorded a significant increase of 195% and the revenue from room rental business of Mira Moon climbed by 455.4% due to the asset quality enhancement project carried out last year. The food and beverage business under its hotel segment also recorded an increase of 92.6% in revenue as compared with the same period last year. The overall revenue from the hotel and serviced apartment business for the period increased to HK$267.2 million compared with the same period last year, and earnings before interest, taxes, depreciation and amortization (EBITDA) recorded a profit of HK$65.5 million, as compared to revenue of HK$107.9 million and EBITDA loss of HK$13.7 million for the same period last year.

Property Rental Business

The overall occupancy rate of shopping malls and office buildings remained stable at over 90% compared to the same period last year. During the period, revenue from Miramar's property rental business was stable at HK$398.9 million, while EBITDA recorded a profit of HK$349.0 million, as compared to revenue of HK$406.9 million and EBITDA of HK$349.6 million last year. The book value of the overall investment properties as at 30 June 2023 was HK$15,100 million.

Food and Beverage Business

Miramar made a head start to grasp opportunities on the post-pandemic rebound and launched two new concept brands, the ''Chinesology'' (唐述) offering modernized Chinese cuisine and the "JAJA" offering new vegetarian propositions, last year. Revenues from Miramar's Chinese cuisine and western cuisine business registered a robust growth, more than doubled as compared with the same period last year. Its food and beverage business notably outperformed the peer average with a growth of 219.0% and 51.0% for the first and second quarters of 2023, respectively. Miramar also recorded a significant growth in both the restaurant traffic and spending per person. Besides, Miramar continued to boost sales by offering dine-in discounts and takeaway and Mira eShop promotions to satisfy customers with different needs. In terms of festive food, revenue for the period also grew by 28%, with the sales of Chinese New Year pudding for the Chinese New Year reaching a record high. During the period, Miramar recorded revenue from food and beverage business of HK$138.6 million and an EBITDA profit of HK$15.7 million, compared to revenue of HK$65.2 million and EBITDA loss of HK$6.0 million in the same period last year.

Travel Business

During the period, revenue from the travel business was HK$337.4 million with EBITDA profit of HK$10.5 million, compared with revenue of HK$10.8 million and EBITDA loss of HK$7.9 million in the same period last year.

Associated Companies

The Hong Kong and China Gas Company Limited ("HKCG")

HKCG's unaudited profit after taxation for the six months ended 30 June 2023 amounted to HK$3,614 million, up by 7% compared to the same period last year. As HKCG's share of the revaluation value of the ifc complex remained unchanged for the period under review, its profit after taxation attributable to shareholders amounted to HK$3,614 million, up by 9% compared to the same period last year.

TOWN GAS BUSINESS IN HONG KONG

The volume of its commercial and industrial gas sales increased by over 22% compared to the same period last year. However, the volume of residential gas sales was affected by the unusually warm weather in Hong Kong during the first six months of this year, and was also impacted by more people dining out. Overall, during the first half of 2023, the total volume of gas sales in Hong Kong was 14,966 million MJ, a slight increase of 0.6%, and the number of appliances sold increased by 4.2%, both compared to the same period last year. As at 30 June 2023, the number of customers was 2,005,023, an increase of 9,941 since the end of 2022.

HKCG has set up the first hydrogen supply demonstration facility in the Tai Po Gas Production Plant to provide customers with hydrogen through the underground pipeline network across the territory. In July 2023, HKCG and Bravo Transport Services Limited signed a Memorandum of Understanding for the supply of fuel cell graded hydrogen and the provision of related maintenance services for the Citybus depot.

UTILITY BUSINESSES IN MAINLAND CHINA

Towngas Smart Energy Company Limited ("Towngas Smart Energy", stock code: 1083) recorded a profit after taxation attributable to its shareholders amounting to HK$1,115 million during the first half of 2023, an increase of approximately 7.1% compared to the same period last year. As at the end of June 2023, HKCG held approximately 66.36% of Towngas Smart Energy's total issued shares.

As at the end of June 2023, Towngas Smart Energy had 449 projects in mainland China, comprising 185 city-gas projects, 250 renewable energy projects and 14 other projects. During the period, the development of its renewable energy business progressed well. As at 30 June 2023, Towngas Smart Energy had developed a number of high-quality projects in 22 provincial regions, including the development of 91 zero-carbon smart parks. In terms of photovoltaic installed capacity, Towngas Smart Energy had signed agreements for more than 2.20 GW and connected more than 1.12 GW cumulatively to the grid as at 30 June 2023. In respect of the gas business, Towngas Smart Energy added three new city-gas projects (inclusive of city-gas projects re-invested by its companies) to its portfolio during the first half of 2023. The overall volume of gas sales of Towngas Smart Energy during the period was approximately 8,200 million cubic metres, an increase of 9.1% compared to the same period last year.

After negotiations with Shenergy (Group) Company Limited and Shanghai Gas Co., Ltd. ("Shanghai Gas"), Towngas Smart Energy declared exit from its investment of 25% equity interest in Shanghai Gas and received its fund of RMB4,663 million on 2 August 2023.

The total volume of city-gas sales for HKCG's utility businesses for the first half of 2023 was approximately 17,500 million cubic metres, an increase of 8.7% compared to the same period last year. HKCG's mainland gas customers stood at over 38.56 million, an increase of 7.1% compared to 36 million as at the end of June 2022. As at the end of June 2023, inclusive of Towngas Smart Energy, HKCG had a total of 317 city-gas projects in mainland China (end of June 2022: 309 projects, inclusive of city-gas projects re-invested by its companies).

HKCG endeavoured to expand its self-operated gas sources to increase flexibility, including better utilising unconventional gas sources such as the coalbed methane liquefaction project in Shanxi province, liquefied natural gas ("LNG") project in Ningxia and shale gas liquefaction project in Sichuan province. Regarding procurement, HKCG purchased international resources through multiple LNG receiving stations in, among others, Caofeidian district in Tangshan, Shanghai, Shenzhen and Tianjin. Through the strategic cooperation with PipeChina, HKCG coordinated the opening of pipelines and the connection of resources for its city-gas projects to achieve flexible scheduling of gas sources. The underground gas storage facility, located in Jintan district, Changzhou, Jiangsu province, progressed further and commissioned two new gas wells during the period, thus enhancing the facility's total gas storage capacity to nearly 400 million cubic metres. The emergency peak-shaving storage and distribution base in Weiyuan county, Sichuan province, made phased progress, and its first phase will be commissioned by the end of August 2023. HKCG will build LNG storage tanks of a total of 110,000 cubic metres and also pipeline network facilities in phases.

As at the end of June 2023, HKCG had developed over 300 energy service projects by extending gas customers' needs. HKCG signed strategic cooperation agreements with competent authorities of government public institutions in a number of cities in Jiangsu, Shandong and other provinces.

HKCG's water and environmental businesses include eight city-water projects and five kitchen and green waste treatment projects. The total volume of water sales and sewage treatment for the first half of 2023 increased by 4.7% compared to the same period last year. The urban organic waste resource utilisation project in Suzhou Industrial Park, Jiangsu province, drew on the experience of advanced countries in the treatment of kitchen and green waste to realise multi-link resource recycling and achieve reduction, recycling, and harmless treatment. In the first half of this year, the volume of waste treatment was 82,400 tonnes, an increase of 26% compared to the same period last year. HKCG's industrial sewage treatment project in Wujin High-Tech Zone of Changzhou, Jiangsu province, provides sewage treatment services for local industrial enterprises. The designed daily treatment capacity of the first phase of the project is 30,000 tonnes, and it is expected to be put into operation by the end of 2023.

Overall, including the projects of its subsidiary, Towngas Smart Energy, HKCG had 702 projects in mainland China as at the end of June 2023, an increase of 78 since the end of 2022, spread across 29 provincial regions. These projects encompass upstream, midstream and downstream natural gas, renewable energy, water and environment.

RENEWABLE ENERGY BUSINESS

The Towngas Energy Academy under HKCG has officially settled in the Shenzhen-Hong Kong Innovation and Technology Cooperation Zone in the Loop in Futian district, Shenzhen. As the first Hong Kong-funded research institute for clean energy applications in Shenzhen, the Academy will actively nurture top-tier research talents and use HKCG's smart energy projects in mainland China as a platform to focus on five major research and development areas of hydrogen energy, energy storage, energy digital intelligence, renewable energy, and low-carbon energy saving, so as to promote the enhancement of technological innovation capabilities and promote its sustainable development.

EXTENDED BUSINESSES

HKCG's extended businesses, using "Towngas Lifestyle" as the unified platform and brand name, focus on smart kitchens and provide a one-stop solution for Towngas' over 38 million household customers across the country. Towngas Lifestyle provides high-quality products and supporting services encompassing four major business directions - smart kitchen, gas insurance, home services and community retail. Through Towngas Lifestyle Cloud ("TLC"), a smart life service cloud platform, Towngas Lifestyle has laid the cornerstone of digital intelligence for the synergistic development of extended businesses and gas services. As at the end of June 2023, TLC had a cumulative total of 16.19 million members. During the first half of 2023, TLC handled 16.14 million transactions relating to the gas business, involving payment of RMB2,600 million, an increase of 17% compared to the same period last year.

"TGSE CHIP", the security chip jointly developed by Towngas Lifestyle, StarFive and ChinaFive, has been widely used in smart gas meters in several cities in mainland China.

EMERGING ENVIRONMENTALLY-FRIENDLY ENERGY BUSINESSES

The clean coal chemical production plant, located in the Inner Mongolia Autonomous Region, has been verified for mass production and commissioning. In mid-2023, the plant began to partially produce biofuels and low-carbon chemicals from the mixed raw materials of waste tires and coal. The entire operation and management process has been granted internationally recognised sustainable system certification, which can meet the stringent requirements of the emerging environmentally-friendly fuel and plastics market.

TELECOMMUNICATIONS BUSINESSES

Towngas Telecommunications Company Limited progressed steadily with its businesses during the first half of 2023. In Hong Kong, the data centre in Tseung Kwan O is undergoing expansion, and the total number of racks is expected to reach 3,489 in the first quarter of 2024 to cope with the gradually increasing demand for data storage. In mainland China, TGT China Cloud Data Services (Harbin) Co., Ltd. has obtained the value-added telecommunications business licence, which will promote the sales of racks and implement the licence business.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

During the year, HKCG co-organised the second TERA-Award Smart Energy Innovation Competition with the State Power Investment Corporation Limited. HKCG and IDG Capital launched the first Zero-carbon Technology Investment Fund in mainland China, and it reached its fundraising goal of RMB5,000 million to promote the development of the new energy industry and zero-carbon progress.

Hong Kong Ferry (Holdings) Company Limited ("Hong Kong Ferry")

During the six months ended 30 June 2023, Hong Kong Ferry's revenue amounted to HK$171 million, representing an increase of 23% as compared with the same period last year. This was mainly attributable to the increase in interest income.

The unaudited consolidated net profit after taxation of Hong Kong Ferry for the six months ended 30 June 2023 amounted to HK$88 million, representing an increase of 35% as compared with the first half year of 2022. Excluding the fair value change of the investment properties, Hong Kong Ferry's underlying profit attributable to equity shareholders for the period under review was HK$67 million, representing an increase of 25% from the same period last year.

Property Development and Investment Operations

The gross rental income during the period arising from the commercial arcades of Hong Kong Ferry amounted to HK$59 million, an increase of 7% as compared with the same period last year. At the end of the reporting period, the commercial arcades of Shining Heights and Metro6 were fully let, and the occupancy rates of Green Code Plaza, Metro Harbour Plaza and The Spectacle were 97%, 93% and 89% respectively.

The Royale (8 Castle Peak Road - Castle Peak Bay, Tuen Mun) Joint Venture Development Project

During the first half of 2023, seven residential units out of the stock had been delivered to buyers and revenue from such property sales was duly recognised.

The Symphonie (280 Tung Chau Street, Cheung Sha Wan) Redevelopment Project

Hong Kong Ferry's redevelopment project "The Symphonie" in Cheung Sha Wan will provide residential gross floor area of about 100,698 square feet. The superstructure works were completed. The occupation permit had been obtained in June 2023 and interior fitting-out works are in progress. The project is expected to be completed in early 2024.

Ferry, Shipyard and Related Operations

During the period, the border between mainland China and Hong Kong re-opened and the Harbour Cruise - Bauhinia business improved. The turnover had basically recovered to the 2018 and 2019 levels. However, the business of the Shipyard declined and the Ferry, Shipyard and Related Operations recorded a loss of HK$3.9 million as compared with the loss of HK$0.4 million for the same period last year.

Healthcare, Medical Aesthetic and Beauty Services

Hong Kong Ferry established the aesthetic centre and specialist centre in the second half year of 2022 and first half year of 2023 respectively. Apart from setting up self-operating centres, Hong Kong Ferry also cooperated with medical groups to offer professional medical services in order to increase the market share. As these businesses are in their initial stage of operations, setup losses totalling HK$17.5 million were recorded during the period.

It is expected that the rental income from shops and commercial arcades together with bank interest income will continue to be the major sources of revenue of Hong Kong Ferry in second half of the year.

CORPORATE FINANCE

The Group has always adhered to prudent financial management principles. At 30 June 2023, net debt amounted to HK$77,855 million (31 December 2022: HK$79,086 million) giving rise to a financial gearing ratio of 24.0% (31 December 2022: 24.1%).

As regards environmental and sustainability progress, the Group is committed to environmental protection in its property developments and has received wide recognition for its achievements. Numerous world-class sustainability awards, certifications and professional accreditations were bestowed by various international and local professional rating agencies. Since 2020, green credit and sustainability loan facilities exceeding HK$48,000 million have been secured from the financial community with favourable terms. Among them was a Social Loan, which was the first of its kind ever concluded by a property developer in Hong Kong. The loan required the Company to fulfill its social responsibility, safeguarding the Group's realisation of its broader 2030 Sustainability Vision. In addition, the Group signed a Green and Sustainability Strategic Co-operative Agreement in the amount of RMB30,000 million with a bank. The aforesaid demonstrates that the Group's prime credit standing and environmental contributions are well received by the international financial community.

Even with a solid financial position, alongside ample internal resources and standby banking facilities, the Group has continuously issued medium term notes, seven-year Japanese Yen loans and six-year Renminbi loans with a total amount of HK$43,306 million in recent years to extend its debt maturity profile. In addition, shareholder's loans to the Group, which have always been the Group's stable source of funding, amounted to HK$60,009 million at 30 June 2023 (31 December 2022: HK$56,007 million).

SUSTAINABILITY

During the period, the Group achieved significant milestones in sustainability and corporate recognition. In addition to the aforesaid performance-related honours, the Group clinched the “Developer of the Year – Hong Kong” award for the first time at the Real Estate Asia Awards 2023. The Group also joined the World Green Building Council (WorldGBC) as a Partner of its Asia Pacific Regional Network (APN), following its achievement of the prestigious Business Leadership in Sustainability Award at the WorldGBC Asia Pacific Leadership in Green Building Awards 2022. The Regional Networks are powerful, collaborative platforms where GBCs can effectively exchange knowledge, generate new ideas and design solutions that promote green buildings in their own markets and across the regions.

In addition, the Group was included by S&P Global for the first time in the Sustainability Yearbook 2023, which identifies and recognises top scorers with best-in-class sustainability practices based on the annual Corporate Sustainability Assessment (CSA). In order to be listed in the Yearbook, companies must be within the top 15% of their industry and must achieve a score within 30% of their industry's top performing company. Only 13 companies based in Hong Kong have been featured in the 2023 edition. The Group is also honoured to be featured in the first edition of the S&P Global Sustainability Yearbook (China), which aims to distinguish companies in the Greater China region that have demonstrated strengths in corporate sustainability based on the CSA. Besides being one of the 88 top performers selected for the 2023 Yearbook from close to 1,600 companies being assessed, the Group has been recognised as an Industry Mover for the marked improvement in its ESG performance.

These recognitions demonstrate the Group’s ongoing commitment to contributing to a more sustainable future for all, as well as its continued improvement in its own sustainability performance. The Group will build on this momentum and keep making strides towards its ESG goals and endeavours going forward.

PROSPECTS

Despite several rounds of rate hikes, the US Federal Reserve has yet to determine whether US interest rates have peaked. Further rate rises still depend on future economic data. Accordingly, interest rates in Hong Kong were to follow and the inter-bank rates have risen to over 5% for one week. All business sectors have thus faced great difficulties. Hong Kong's economic recovery, as well as property transactions, will be adversely affected.

The value of Hong Kong's total exports was under intense pressure given the current geopolitical situations and slower global economic growth. Exports had decreased for six consecutive months in 2023 and no improvement is foreseen for the rest of this year. As for the labour market in Hong Kong, there is a shortage of manpower and exodus of professionals in certain industries, leading to stiff competition for talent. Fortunately, the Government has begun to allow labour importation and it is believed that the shortage in certain industries will be eased gradually.

After experiencing a short revival in the first quarter of this year, Hong Kong's property market has become sluggish for the past two months, with decreases in both transaction volumes and prices. In the first-hand market, there was a project launched at a shockingly low price recently. In the secondary market, the downward trend for housing prices has also become obvious. If the Government does not propose any new measures and there are no upcoming favourable changes in Hong Kong, the property market will be quite depressed in the second half of 2023.

In the long run, Hong Kong has its backing and strong support from the mainland. It possesses geographical, legal and financial advantages, rendering it in a distinctive position in the Greater Bay Area. The Hong Kong Government has been practicing proactive and capable governance and moving towards stability and prosperity, as well as striving to boost the economy by implementing policies such as "competing for talents", "competing for enterprises" and "integrating into national development". The good economic growth momentum will remain and be conducive to the healthy and stable long-term development of the property market.

In mainland China, the Central Government continues to timely adjust and optimise the policies towards the real estate sector. Recently, various measures have been launched to support the mainland property market and activate the capital market, as well as improve the business environments for different sectors. Following the support from the People's Bank of China to improve the financing for mainland real estate developers, it is expected that the property market, and overall economy, in mainland China will be much benefited.

During the period, the Group acquired further New Territories land lots of about 250,000 square feet, expanding its land reserves in the New Territories to approximately 45.2 million square feet, which represents the largest holding among all property developers in Hong Kong. The Group stands to benefit from the Hong Kong Government's initiative on the development of the "Northern Metropolis". As regards newly acquired urban redevelopment projects with 80% to 100% of their ownership acquired, the Group has a total attributable gross floor area of about 3.4 million square feet covering a total of 27 projects. The Group currently has sufficient land bank in both Hong Kong and mainland China to support its property development for the years to come.

As regards "**property sales**", following the launch of "Henley Park" at Kai Tak and "Baker Circle • Greenwich" at Hung Hom, the Group plans to launch five other urban developments in the second half of 2023. Together with the unsold stock, a total of about 2,400,000 square feet of residential gross floor area or about 5,660 residential units in attributable terms is expected to be available for sale in Hong Kong in the second half of 2023. In addition, about 180,000 square feet of office/industrial space is also available for sale. At the end of June 2023, attributable contracted sales of Hong Kong and mainland properties, which are yet to be recognised in the accounts, amounted to approximately HK$26,427 million in aggregate, of which approximately HK$13,937 million is expected to be recognised in the second half of 2023 upon completion of development and handover to buyers.

As regards “**rental business**”, the Group’s portfolio of completed investment properties at the end of 2023 is expected to comprise an attributable gross floor area of 10.2 million square feet in Hong Kong and 12.5 million square feet in mainland China. Included therein is the 465,000-square-foot super Grade-A office development in Central, namely “The Henderson”, which is scheduled for completion in the second half of 2023. This addition will give a further impetus to the Group’s recurrent rental income growth. Together with another landmark development in Hong Kong’s Central Business District under construction, namely the 1,600,000-square-foot project at Site 3 of the New Central Harbourfront, the Group’s rental portfolio is poised to grow further with a more optimal composition.

The “**listed subsidiaries and associates**”, namely, HKCG, Miramar, HIL, Hong Kong Ferry and Sunlight REIT, provide the Group with another source of recurrent income. In particular, HKCG had 702 projects in mainland China at the end of June 2023, spread across 29 provincial regions. Its volume of gas sales and the number of customers are expected to increase significantly in 2023 and this ideal momentum will last for some time in the future. HKCG is poised to provide continuous contributions to the Group. HKCG’s profit after taxation attributable to shareholders for the period under review amounted to HK$3,614 million, up by 9% compared to the same period last year.

With the Group’s strong balance sheet and astute management of three core businesses (namely, “**property sales**”, “**rental business**” and “**listed subsidiaries and associates**”) by its seasoned professional team, Henderson Land is well-placed to pursue sustainable business growth, delivering long-term value to its stakeholders.

Dr Lee Ka Kit	**Dr Lee Ka Shing**
Chairman	*Chairman*

Hong Kong, 22 August 2023

BUSINESS RESULTS

Consolidated Statement of Profit or Loss
for the six months ended 30 June 2023 - unaudited

	Note	For the six months ended 30 June **2023** **HK$ million**	 2022 HK$ million
Revenue	5, 12	**10,278**	9,506
Direct costs		**(5,695)**	(4,835)
		4,583	4,671
Other net income	6	**1,601**	334
Selling and marketing expenses		**(524)**	(516)
Administrative expenses		**(1,092)**	(1,047)
Profit from operations before changes in fair value of investment properties and investment properties under development		**4,568**	3,442
(Decrease)/increase in fair value of investment properties and investment properties under development	7	**(109)**	37
Profit from operations after changes in fair value of investment properties and investment properties under development		**4,459**	3,479
Finance costs	8(a)	**(905)**	(470)
Bank interest income		**287**	70
Net finance costs		**(618)**	(400)
Share of profits less losses of associates		**1,555**	1,417
Share of profits less losses of joint ventures		**843**	1,020
Profit before taxation	8	**6,239**	5,516
Income tax	9	**(117)**	(617)
Profit for the period		**6,122**	4,899

Consolidated Statement of Profit or Loss
for the six months ended 30 June 2023 - unaudited (continued)

	Note	For the six months ended 30 June **2023** **HK$ million**	 2022 HK$ million
Attributable to:			
Equity shareholders of the Company		**5,957**	4,781
Non-controlling interests		**165**	118
Profit for the period		**6,122**	4,899
Earnings per share based on profit attributable to equity shareholders of the Company (reported earnings per share)			
Basic and diluted	*10(a)*	***HK$1.23***	*HK$0.99*
Earnings per share excluding the effects of the Group's aggregate attributable share of changes in fair value of investment properties and investment properties under development (net of deferred tax) (underlying earnings per share)			
Basic and diluted	*10(b)*	***HK$1.25***	*HK$1.06*

Details of dividends payable to equity shareholders of the Company are set out in note 11.

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the six months ended 30 June 2023 - unaudited

	For the six months ended 30 June	
	2023	2022
	HK$ million	HK$ million
Profit for the period	**6,122**	4,899
Other comprehensive income for the period-net, after tax and reclassification adjustments:		
Items that will not be reclassified to profit or loss:		
- Investments in equity securities designated as financial assets at fair value through other comprehensive income	**(65)**	(22)
- Share of other comprehensive income of associates and joint ventures	**(38)**	(50)
Items that may be reclassified subsequently to profit or loss:		
- Exchange differences	**(1,522)**	(2,171)
- Cash flow hedges	**(223)**	570
- Share of other comprehensive income of associates and joint ventures	**(1,568)**	(1,970)
Other comprehensive income for the period	**(3,416)**	(3,643)
Total comprehensive income for the period	**2,706**	1,256
Attributable to:		
Equity shareholders of the Company	**2,601**	1,133
Non-controlling interests	**105**	123
Total comprehensive income for the period	**2,706**	1,256

Consolidated Statement of Financial Position
at 30 June 2023

	Note	**At 30 June 2023 (unaudited) HK$ million**	At 31 December 2022 (audited) HK$ million
Non-current assets			
Investment properties		**260,857**	260,124
Other property, plant and equipment		**4,507**	4,580
Right-of-use assets		**1,346**	775
Goodwill		**262**	262
Trademarks		**100**	102
Interest in associates		**51,406**	50,013
Interest in joint ventures		**76,728**	79,911
Derivative financial instruments		**1,001**	1,215
Other financial assets		**5,811**	7,312
Deferred tax assets		**972**	730
		402,990	405,024
Current assets			
Deposits for acquisition of properties		**412**	401
Inventories	13	**101,077**	97,258
Trade and other receivables	14	**13,822**	13,668
Cash held by stakeholders		**1,442**	2,144
Cash and bank balances		**13,324**	11,295
		130,077	124,766
Asset of the disposal group classified as held for sale		**455**	-
		130,532	124,766
Current liabilities			
Trade and other payables	15	**28,315**	26,273
Amounts due to related companies		**2,602**	2,427
Lease liabilities		**293**	252
Bank loans		**19,704**	21,737
Guaranteed notes		**6,925**	8,916
Tax payable		**540**	869
		58,379	60,474
Net current assets		**72,153**	64,292
Total assets less current liabilities		**475,143**	469,316

Consolidated Statement of Financial Position at 30 June 2023 (continued)

	At 30 June 2023 (unaudited) HK$ million	At 31 December 2022 (audited) HK$ million
Non-current liabilities		
Bank loans	**40,778**	38,227
Guaranteed notes	**21,058**	18,647
Amount due to a fellow subsidiary	**60,009**	56,007
Amounts due to related companies	**112**	427
Derivative financial instruments	**1,486**	1,153
Lease liabilities	**1,089**	557
Provision for reinstatement costs	**19**	19
Deferred tax liabilities	**9,026**	9,127
	133,577	124,164
NET ASSETS	**341,566**	345,152
CAPITAL AND RESERVES		
Share capital	**52,345**	52,345
Other reserves	**271,919**	275,603
Total equity attributable to equity shareholders of the Company	**324,264**	327,948
Non-controlling interests	**17,302**	17,204
TOTAL EQUITY	**341,566**	345,152

Notes:

1 Review of results

The interim results set out in this preliminary announcement do not constitute the Group's condensed interim financial statements for the six months ended 30 June 2023 but are extracted from those financial statements.

The condensed interim financial statements comprise those of Henderson Land Development Company Limited ("the Company") and its subsidiaries (collectively referred to as "the Group") and have equity accounted for the Group's interests in associates and joint ventures.

The condensed interim financial statements are unaudited, but have been reviewed by KPMG 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 ("HKICPA"). KPMG's independent review report to the Board of Directors is included in the interim report to be sent to shareholders. In addition, the condensed interim financial statements have been reviewed by the Company's Audit Committee with no disagreement.

2 Basis of preparation

The condensed interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the HKICPA. They were authorised for issuance on 22 August 2023.

The condensed interim financial statements have been prepared in accordance with the same accounting policies adopted in the Company's consolidated financial statements for the year ended 31 December 2022 ("the 2022 financial statements"), except for the accounting policy changes that are expected to be reflected in the Company's consolidated financial statements for the year ending 31 December 2023. Details of these changes in accounting policies are set out in note 3.

The condensed interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 financial statements. The condensed interim financial statements and notes thereon do not include all of the information required for full set of financial statements in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, HKASs and Interpretations issued by the HKICPA.

2 Basis of preparation (continued)

The financial information relating to the financial year ended 31 December 2022 that is included in the condensed interim financial statements 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 such statutory financial statements required to be 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 31 December 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 (Cap. 622).

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters (including those matters described in the Key Audit Matters section) 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 (3) of the Hong Kong Companies Ordinance (Cap. 622).

3 Changes in accounting policies

The Group has applied the following amendments to HKFRSs and HKASs issued by the HKICPA that are first effective for the current accounting period of the Group and the Company, and which are relevant to the Group's condensed interim financial statements for the current accounting period:

Amendments to HKAS 1*, Presentation of financial statements and* HKFRS Practice Statement 2*, Making materiality judgements: Disclosure of accounting policies*

The amendments seek to promote improved accounting policy disclosures that provide more useful information to investors and other primary users of the financial statements. Apart from clarifying that entities are required to disclose their "material" instead of "significant" accounting policies, the amendments also provide guidance for entities on applying the concept of materiality to accounting policy disclosures.

Amendments to HKAS 8*, Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*

The amendments clarify the difference between changes in accounting policies and changes in accounting estimates. Amongst other things, the amendments now define accounting estimates as monetary amounts in an entity's financial statements that are subject to measurement uncertainty, and clarify that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates unless they result from the correction of prior period errors. Entities are required to apply the amendments prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the entity applies the amendments.

Amendments to HKAS 12*, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of HKAS 12 so that it does not apply to such transactions as leases and decommissioning provisions which, upon initial recognition, give rise to equal taxable and deductible temporary differences. Consequently, entities will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. Entities should apply the amendments to transactions that occurred on or after the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to opening retained earnings or other components of equity at the date of application of the amendments.

The Group has not applied any new standard, amendment to standard or interpretation to HKFRSs and HKASs that are not yet effective for the current accounting period.

3 Changes in accounting policies (continued)

The preparation of the condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

In preparing the condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applicable to the 2022 financial statements.

4 Increase in the Group's interest in Sunlight Real Estate Investment Trust ("Sunlight REIT")

During the six months ended 30 June 2023, the Group's beneficial holding in the listed units of Sunlight REIT had increased from 19.535% at 1 January 2023 to 20.001% at 30 June 2023, through the Group's purchases of 2,476,000 listed units of Sunlight REIT in the open market during the period as well as 6,739,817 new listed units of Sunlight REIT issued during the period to a wholly-owned subsidiary of the Company which is engaged in the provision of asset management services to Sunlight REIT.

In this regard, commencing from 30 June 2023, being the date on which the Group had a beneficial interest which first exceeded 20% in the issued units (which carry voting rights) of Sunlight REIT, the Group has accounted for Sunlight REIT as a listed associate of the Group under the principles of HKAS 28 *Investments in associates and joint ventures* that with the Group's holding of 20% or more of the voting power of Sunlight REIT, the Group is presumed to have significant influence in Sunlight REIT.

As a result:

(i) commencing from 30 June 2023, the Group has de-recognised its investment in Sunlight REIT from "Investment measured as financial asset at fair value through profit or loss" and recognised such investment as "Interest in associate";

(ii) during the six months ended 30 June 2023, the Group recognised a one-off gain arising from the de-recognition of the Group's investment in Sunlight REIT from "Investment measured as financial asset at fair value through profit or loss", as well as a gain on bargain purchase from the recognition of the Group's investment in Sunlight REIT as "Interest in associate", in the aggregate amount of HK$1,739 million (see note 6(ii)); and

(iii) commencing from 30 June 2023, the financial results of Sunlight REIT were accounted for under the equity method of accounting in the Group's consolidated financial statements.

5 Revenue

Revenue of the Group represents revenue from property development (including sales of properties), rental income, operation and management of department stores and supermarket-cum-stores, hotel room operation and other businesses mainly including income from hotel management (other than hotel room operation), construction, provision of finance, investment holding, project management, property management, agency services, cleaning and security guard services, food and beverage operation, travel operation, as well as the trading of building materials.

The major items are analysed as follows:

	For the six months ended 30 June	
	2023	2022
	HK$ million	HK$ million
Property development (including sales of properties) *(2022: reclassified) (note (i))*	**4,337**	4,309
Rental income *(note (ii))*	**3,427**	3,397
Department stores and supermarket-cum-stores operations *(note (iii))*	**803**	937
Hotel room operation	**154**	56
Other businesses *(2022: reclassified) (note (i))*	**1,557**	807
Total (note 12(b))	**10,278**	9,506

Notes:

(i) *For the purpose of facilitating management's assessment of the Group's real estate-related financial performance, for the six months ended 30 June 2023, the revenue related to the sale of leasehold land, interest income from mortgage loans and interest income from property development joint ventures have been reclassified from the "Other businesses" segment to the "Property development" segment. The comparative figures for the corresponding six months ended 30 June 2022 have been reclassified accordingly.*

(ii) *Cumulative up to 30 June 2023, the Group has granted approved rent concessions in the aggregate amount of HK$408 million (cumulative up to 31 December 2022: HK$407 million) to certain tenants of the Group's investment properties in Hong Kong and mainland China due to the impact of COVID-19 pandemic and the subsequent outbreak of Omicron variant on the economic outlook, and hence the adverse effect on such tenants' business operations, business viabilities and abilities to meet rental obligations.*

The Group's rental income for the six months ended 30 June 2023 has been arrived at after deducting the rent concessions which were amortised for the six months ended 30 June 2023 in the amount of HK$16 million (2022: HK$40 million).

(iii) *Including commission income earned from consignment and concessionaire counters of the department stores operation, and the commission income earned from consignment counters of the supermarket-cum-stores operation, in the aggregate amount of HK$215 million for the six months ended 30 June 2023 (2022: HK$205 million).*

5 Revenue (continued)

In accordance with HKFRS 15, *Revenue from contracts with customers*, (i) revenue from sale of properties and department stores and supermarket-cum-stores operations are recognised at a point in time; and (ii) revenue from hotel room operation is recognised over time. Rental income recognised from HKFRS 16, *Leases* is categorically classified as revenue from other sources. Revenue from other businesses of HK$864 million (2022: HK$592 million) is recognised over time while the remaining is recognised at a point in time.

At 30 June 2023, the cumulative aggregate amount of revenue expected to be recognised in the consolidated statement of profit or loss in the future from pre-completion sales contracts entered into in relation to the Group's properties held for/under development for sale and completed properties for sale held by the Group's subsidiaries, which are pending assignment in Hong Kong and mainland China, amounted to HK$15,426 million (31 December 2022: HK$12,210 million) and which will be recognised when the pre-sold properties are assigned to the customers.

6 Other net income

	For the six months ended 30 June	
	2023	2022
	HK$ million	HK$ million
Net (loss)/gain on disposal of investment properties (notes 12(a))	**(3)**	33
Reversal of provision/(provision) on inventories, net (note 12(a))	**2**	(2)
Net fair value loss on investments measured as financial assets at fair value through profit or loss ("FVPL")	**(11)**	(150)
Net fair value (loss)/gain on derivative financial instruments at FVPL		
- Interest rate swap contracts, cross currency interest rate swap contracts, cross currency swap contracts and foreign exchange forward contracts (for which no hedge accounting was applied during the period)	**(135)**	222
Government grants *(note(i))*	**-**	46
Gain on de-recognition of investment measured as financial asset at FVPL and gain on bargain purchase net of fair value loss (note 12(a)) *(note(ii))*	**1,591**	-
Impairment loss on trade debtors, net (note 12(c))	**(3)**	(2)
Exchange gain, net	**53**	94
Others	**107**	93
	1,601	334

Notes:

(i) *Government grants recognised for the corresponding six months ended 30 June 2022 related to the subsidy received from the COVID-19 Anti-epidemic Fund under the Employment Support Scheme promulgated by the Government of the Hong Kong Special Administrative Region ("HKSAR Government") during that period.*

(ii) *Including (a) a gain from the de-recognition of investment measured as financial asset at FVPL and a gain on bargain purchase from the recognition of such investment as an interest in associate in the aggregate amount of HK$1,739 million (2022: Nil) (see note 4(ii)); and (b) a net fair value loss on investment measured as financial asset at FVPL in the amount of HK$148 million.*

7 (Decrease)/increase in fair value of investment properties and investment properties under development

The Group's investment properties and investment properties under development were revalued at 30 June 2023 by Cushman & Wakefield Limited, a firm of professional surveyors who have among their staff Members of The Hong Kong Institute of Surveyors with recent experience in the location and category of properties being valued, on a market value basis.

The Group's management has reviewed the valuation results performed by the surveyors for financial reporting purposes by verifying all major inputs and assumptions, and assessing the reasonableness of property valuation. Such valuation is performed at each interim and annual reporting date and is reviewed and approved by senior management.

The valuations of completed investment properties in Hong Kong and mainland China were based on income capitalisation approach which capitalised the net income of the properties and taking into account the reversionary potential of the properties after expiry of the current lease.

For certain investment properties in Hong Kong and mainland China which are still under development, the valuations were determined on redevelopment basis and by taking into account the fair value of the completed investment property and then deducting from that amount the estimated costs to complete the construction, financing costs and a reasonable profit margin.

As a result, a net fair value loss on the investment properties and investment properties under development in Hong Kong and mainland China (after deducting non-controlling interests' attributable share and deferred tax) in the aggregate amount of HK$96 million (2022: HK$45 million) has been recognised in the consolidated statement of profit or loss for the six months ended 30 June 2023 (see note 10(b)).

In aggregate, the Group's attributable share of the net fair value losses (net of deferred tax) on investment properties and investment properties under development held by subsidiaries, associates and joint ventures for the six months ended 30 June 2023 amounted to HK$107 million (2022: HK$213 million).

7 (Decrease)/increase in fair value of investment properties and investment properties under development (continued)

A reconciliation of the abovementioned figures is as follows:-

For the six months ended 30 June 2023

	Hong Kong	Mainland China	Total
	HK$ million	HK$ million	HK$ million
Fair value (loss)/gain on investment properties and investment properties under development held by			
- subsidiaries (before deducting non-controlling interests' attributable share and deferred tax)	**(224)**	**115**	**(109)**
Less :			
Deferred tax	**-**	**(23)**	**(23)**
Non-controlling interests' attributable share of the fair value loss/(gain) (net of deferred tax)	**40**	**(4)**	**36**
(after deducting non-controlling interests' attributable share and deferred tax) (note 10(b))	**(184)**	**88**	**(96)**
- associates (Group's attributable share) (notes 10(b) and 12(a)(iii))	**10**	**-**	**10**
- joint ventures (Group's attributable share) (notes 10(b) and 12(a)(iv))	**1**	**(22)**	**(21)**
	(173)	**66**	**(107)**

7 (Decrease)/increase in fair value of investment properties and investment properties under development (continued)

A reconciliation of the abovementioned figures is as follows:- (continued)

For the six months ended 30 June 2022

	Hong Kong	Mainland China	Total
	HK$ million	HK$ million	HK$ million
Fair value (loss)/gain on investment properties and investment properties under development held by			
- subsidiaries (before deducting non-controlling interests' attributable share and deferred tax)	(170)	207	37
Less :			
Deferred tax	-	(82)	(82)
Non-controlling interests' attributable share of the fair value loss/(gain) (net of deferred tax)	-	-	-
(after deducting non-controlling interests' attributable share and deferred tax) (note 10(b))	(170)	125	(45)
- associates (Group's attributable share) (notes 10(b) and 12(a)(iii))	(36)	-	(36)
- joint ventures (Group's attributable share) (notes 10(b) and 12(a)(iv))	(132)	-	(132)
	(338)	125	(213)

8 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2023	2022
	HK$ million	HK$ million
(a) Finance costs:		
Bank loans interest	**1,147**	469
Interest on other loans	**1,315**	463
Interest on guaranteed notes	**459**	356
Finance cost on lease liabilities	**17**	19
Other borrowing costs	**74**	61
	3,012	1,368
Less: Amount capitalised *(note)*	**(2,107)**	(898)
	905	470

Note: The borrowing costs have been capitalised at weighted average interest rates based on the principal amounts of the Group's bank loans, guaranteed notes and other loans during the six months ended 30 June 2023 under which interest capitalisation was applicable, ranging from 2.15% to 5.02% (2022: ranging from 1.40% to 3.80%) per annum.

8 Profit before taxation (continued)

Profit before taxation is arrived at after charging/(crediting): ***(continued)***

	For the six months ended 30 June	
	2023	2022
	HK$ million	HK$ million
(b) Staff costs:		
Salaries, wages and other benefits	**1,436**	1,442
Contributions to defined contribution retirement plans	**85**	57
	1,521	1,499

	For the six months ended 30 June	
	2023	2022
	HK$ million	HK$ million
(c) Other items:		
Amortisation of trademarks	**2**	2
Depreciation		
– on other property, plant and equipment	**99**	85
– on right-of-use assets	**172**	172
	273	259
	(note 12(c))	(note 12(c))
Cost of sales		
– properties for sale	**2,816**	2,485
– trading stocks and consumable stores	**488**	558
Dividend income from investments designated as financial assets at fair value through other comprehensive income (“FVOCI”) (non-recycling) and investments measured as financial assets at FVPL		
– listed	**(46)**	(40)
– unlisted	**(4)**	(6)

9 Income tax

	For the six months ended 30 June	
	2023	2022
	HK$ million	HK$ million
Current tax		
Provision for Hong Kong Profits Tax	**251**	298
(Over-provision)/provision for taxation outside Hong Kong	**(11)**	232
Provision/(over-provision) for Land Appreciation Tax	**7**	(21)
	247	509
Deferred tax		
Origination and reversal of temporary differences	**(130)**	108
	117	617

Provision for Hong Kong Profits Tax has been made at 16.5% (2022: 16.5%) on the estimated assessable profits for the period.

Provision for taxation outside Hong Kong is provided for at the applicable rates of taxation for the period on the estimated assessable profits arising in the relevant foreign tax jurisdictions during the period.

Land Appreciation Tax is levied on properties in mainland China developed by the Group for sale, at progressive rates ranging from 30% to 60% (2022: 30% to 60%) on the appreciation of land value, which under the applicable regulations is calculated based on the revenue from sale of properties less deductible expenditure including lease charges of land use rights, borrowing costs and property development expenditure.

10 Earnings per share

(a) Reported earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to equity shareholders of the Company of HK$5,957 million (2022: HK$4,781 million) and the weighted average number of 4,841 million ordinary shares (2022: 4,841 million ordinary shares) in issue during the period.

Diluted earnings per share were the same as the basic earnings per share for the period and the corresponding six months ended 30 June 2022 as there were no dilutive potential ordinary shares in existence during both periods.

(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 profit attributable to equity shareholders of the Company after excluding the effects of changes in fair value of investment properties and investment properties under development ("Underlying Profit") of HK$6,073 million (2022: HK$5,137 million). A reconciliation of profit is as follows:

	For the six months ended 30 June	
	2023	2022
	HK$ million	HK$ million
Profit attributable to equity shareholders of the Company	**5,957**	4,781
Fair value loss of investment properties and investment properties under development during the period (after deducting non-controlling interests' attributable share and deferred tax)(note 7)	**96**	45
Share of fair value (gain)/loss of investment properties (net of deferred tax) during the period:		
– associates (note 7)	**(10)**	36
– joint ventures (note 7)	**21**	132
The Group's attributable share of the cumulative fair value gain of investment properties disposed of during the period, net of tax:		
– subsidiaries	**9**	141
– associates and joint ventures	**-**	2
Underlying Profit	**6,073**	5,137
Underlying earnings per share, based on the weighted average number of ordinary shares in issue during the period (note 10(a))	**HK$1.25**	HK$1.06

11 Dividends

(a) Dividends payable to equity shareholders of the Company attributable to the interim period

	For the six months ended 30 June	
	2023	2022
	HK$ million	HK$ million
Interim dividend declared after the interim period of HK$0.50 (2022: HK$0.50) per share	**2,421**	**2,421**

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

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

	For the six months ended 30 June	
	2023	2022
	HK$ million	HK$ million
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK$1.30 (2022: HK$1.30) per share	**6,294**	6,294

12 Segment reporting

The Group manages its businesses by a mixture of business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance, the Group has identified the following reportable segments. No operating segments have been aggregated to form the following reportable segments.

Property development	:	Development and sale of properties
Property leasing	:	Leasing of properties
Department stores and supermarket-cum-stores operations	:	Operation and management of department stores and supermarket-cum-stores
Hotel room operation	:	The operation of hotel properties generating room revenue
Other businesses	:	Hotel management (other than hotel room operation), construction, provision of finance (other than mortgage loans as well as interest income from property development joint ventures which are classified under "*Property development*" segment), investment holding, project management, property management, agency services, cleaning and security guard services, food and beverage operation, travel operation, as well as the trading of building materials
Utility and energy	:	Production, distribution and marketing of gas, water supply and emerging environmentally-friendly energy businesses

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases.

Revenue and expenses are allocated to the reportable segments with reference to revenues generated by those segments and the expenses incurred by those segments. Segment results form the basis of measurement used for assessing segment performance and represent profit or loss before reversal of provision/(provision) on inventories, net, sales of property interests, gain on de-recognition of investment measured as financial asset at FVPL and gain on bargain purchase net of fair value loss, fair value change on investment properties and investment properties under development, net finance costs, income tax and items not specifically attributed to individual reportable segments, such as unallocated head office and corporate expenses, net.

(a) Results of reportable segments

Information regarding the Group's and its share of associates and joint ventures on reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2023 and 30 June 2022 is set out below. To facilitate management's assessment of the Group's real estate-related financial performance, for the six months ended 30 June 2023:

12 **Segment reporting (continued)**

(a) **Results of reportable segments (continued)**

(i) the revenue and segment results related to the sale of leasehold land, interest income from mortgage loans and interest income from property development joint ventures (of which revenue in the amounts of HK$5 million, HK$113 million and HK$212 million respectively and segment profit in the amounts of HK$3 million, HK$106 million and HK$212 million respectively (2022: revenue in the amounts of HK$36 million, HK$132 million and HK$47 million respectively and segment profit in the amounts of HK$2 million, HK$132 million and HK$47 million respectively)) are classified under the "*Property development*" segment;

(ii) the segment "*Hotel room operation*" has been separately disclosed in relation to the operation of hotel properties generating room revenue; and

(iii) the revenue and segment results under the "*Department stores and supermarket-cum-stores operations*" segment have been separately delineated to disclose the figures related to the sale of own goods and rental of consignment and concessionaire counters.

The comparative figures for the corresponding six months ended 30 June 2022 have been reclassified accordingly.

	Company and its subsidiaries (before deducting non-controlling interests)		Associates and joint ventures				Attributable to non-controlling interests		Attributable to equity shareholders of the Company	
	Revenue (note (i))	Segment results	Share of revenue	Share of segment results	Combined revenue	Consolidated segment results	Revenue	Segment results	Combined revenue	Consolidated segment results
For the six months ended 30 June 2023	**HK$ million**	**HK$ million**	**HK$ million**	**HK$ million**	**HK$ million**	**HK$ million**	**HK$ million**	**HK$ million**	**HK$ million**	**HK$ million**
Property development										
Hong Kong	4,274	968	53	15	4,327	983	(26)	(21)	4,301	962
Mainland China	63	(74)	3,202	771	3,265	697	-	(1)	3,265	696
	4,337	894	3,255	786	7,592	1,680	(26)	(22)	7,566	1,658
Property leasing										
Hong Kong	2,405	1,773	1,098	869	3,503	2,642	(192)	(170)	3,311	2,472
Mainland China	1,022	737	51	34	1,073	771	(17)	(13)	1,056	758
(note (ii))	3,427	2,510	1,149	903	4,576	3,413	(209)	(183)	4,367	3,230
Department stores and supermarket-cum stores operations										
-sale of own goods	620	(24)	-	-	620	(24)	(189)	15	431	(9)
-rental of consignment and concessionaire counters	183	92	-	-	183	92	(56)	(14)	127	78
	803	68	-	-	803	68	(245)	1	558	69
Hotel room operation	154	33	121	38	275	71	(77)	(19)	198	52
Other businesses	1,557	33	160	284	1,717	317	(320)	31	1,397	348
	10,278	3,538	4,685	2,011	14,963	5,549	(877)	(192)	14,086	5,357
Utility and energy	-	-	17,924	1,960	17,924	1,960	-	-	17,924	1,960
	10,278	3,538	22,609	3,971	32,887	7,509	(877)	(192)	32,010	7,317

12 Segment reporting (continued)

(a) Results of reportable segments (continued)

	Company and its subsidiaries (before deducting non-controlling interests)		Associates and joint ventures				Attributable to non-controlling interests		Attributable to equity shareholders of the Company	
	Revenue (note (i))	Segment results	Share of revenue	Share of segment results	Combined revenue	Consolidated segment results	Revenue	Segment results	Combined revenue	Consolidated segment results
For the six months ended 30 June 2023 (continued)	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Reversal of provision on inventories, net	(note 6)	2		-		2		-		2
Sales of property interests *(note)*	(note 6)	(3)		-		(3)		(1)		(4)
Gain on de-recognition of investment measured as financial asset at FVPL and gain on bargain purchase net of fair value loss	(note 6)	1,591		-		1,591		-		1,591
Unallocated head office and corporate expenses, net		(560)		(49)		(609)		2		(607)
Profit from operations		4,568		3,922		8,490		(191)		8,299
Decrease in fair value of investment properties and investment properties under development		(109)		(16)		(125)		35		(90)
Finance costs	(note 8(a))	(905)		(565)		(1,470)		25		(1,445)
Bank interest income		287		174		461		(63)		398
Net finance costs		(618)		(391)		(1,009)		(38)		(1,047)
Profit before taxation		3,841		3,515		7,356		(194)		7,162
Income tax		(117)		(1,117)		(1,234)		29		(1,205)
Profit for the period		3,724		2,398		6,122		(165)		5,957

Note:

The Group's attributable share of the realised cumulative fair value gain of investment properties disposed of during the six months ended 30 June 2023 amounted to HK$9 million. Deducting from it the reported attributable share of net loss on disposal of investment properties of HK$4 million (see above) for the six months ended 30 June 2023, the Group's attributable share of the realised gain (before tax) from the sales of property interests attributable to underlying profit amounted to HK$5 million during the six months ended 30 June 2023.

12 Segment reporting (continued)

(a) Results of reportable segments (continued)

In relation to the share of profits less losses of associates and joint ventures:

	Property development HK$ million	Property leasing HK$ million	Hotel room operation HK$ million	Other businesses HK$ million	Sub-total HK$ million	Utility and energy HK$ million	Total HK$ million
For the six months ended 30 June 2023							
Share of profits less losses of associates *(note (iii))*							
- Material listed associate The Hong Kong and China Gas Company Limited	-	87	4	(85)	6	1,495	1,501
- Other listed associates and unlisted associates	10	56	-	(12)	54	-	54
	10	143	4	(97)	60	1,495	1,555
Share of profits less losses of joint ventures *(note (iv))*	290	485	13	55	843	-	843
	300	628	17	(42)	903	1,495	2,398

12 Segment reporting (continued)
(a) Results of reportable segments (continued)

For the six months ended 30 June 2022	Company and its subsidiaries (before deducting non-controlling interests) Revenue *(note (i))* HK$ million	Segment results HK$ million	Associates and joint ventures Share of revenue HK$ million	Share of segment results HK$ million	Combined revenue HK$ million	Consolidated segment results HK$ million	Attributable to non-controlling interests Revenue HK$ million	Segment results HK$ million	Attributable to equity shareholders of the Company Combined revenue HK$ million	Consolidated segment results HK$ million
Property development										
Hong Kong	4,294	1,169	33	16	4,327	1,185	(33)	(27)	4,294	1,158
Mainland China	15	(39)	4,408	1,109	4,423	1,070	-	(5)	4,423	1,065
	4,309	1,130	4,441	1,125	8,750	2,255	(33)	(32)	8,717	2,223
Property leasing										
Hong Kong	2,346	1,676	1,061	834	3,407	2,510	(196)	(170)	3,211	2,340
Mainland China	1,051	824	41	36	1,092	860	(11)	(8)	1,081	852
(note (ii))	3,397	2,500	1,102	870	4,499	3,370	(207)	(178)	4,292	3,192
Department stores and supermarket-cum stores operations										
-sale of own goods	762	34	-	-	762	34	(231)	(4)	531	30
-rental of consignment and concessionaire counters	175	70	-	-	175	70	(54)	(11)	121	59
	937	104	-	-	937	104	(285)	(15)	652	89
Hotel room operation	56	(35)	36	(23)	92	(58)	(28)	17	64	(41)
Other businesses	807	(168)	79	112	886	(56)	(92)	50	794	(6)
	9,506	3,531	5,658	2,084	15,164	5,615	(645)	(158)	14,519	5,457
Utility and energy	-	-	18,155	1,923	18,155	1,923	-	-	18,155	1,923
	9,506	3,531	23,813	4,007	33,319	7,538	(645)	(158)	32,674	7,380

12 Segment reporting (continued)

(a) Results of reportable segments (continued)

For the six months ended 30 June 2022 (continued)	Company and its subsidiaries (before deducting non-controlling interests)		Associates and joint ventures				Attributable to non-controlling interests		Attributable to equity shareholders of the Company	
	Revenue *(note (i))* HK$ million	Segment results HK$ million	Share of revenue HK$ million	Share of segment results HK$ million	Combined revenue HK$ million	Consolidated segment results HK$ million	Revenue HK$ million	Segment results HK$ million	Combined revenue HK$ million	Consolidated segment results HK$ million
Provision on inventories, net	(note 6)	(2)		-		(2)		-		(2)
Sales of property interests *(note)*	(note 6)	33		-		33		(1)		32
Unallocated head office and corporate expenses, net		(120)		(129)		(249)		1		(248)
Profit from operations		3,442		3,878		7,320		(158)		7,162
Increase/(decrease) in fair value of investment properties and investment properties under development		37		(168)		(131)		-		(131)
Finance costs	(note 8(a))	(470)		(360)		(830)		25		(805)
Bank interest income		70		94		164		(8)		156
Net finance costs		(400)		(266)		(666)		17		(649)
Profit before taxation		3,079		3,444		6,523		(141)		6,382
Income tax		(617)		(1,007)		(1,624)		23		(1,601)
Profit for the period		2,462		2,437		4,899		(118)		4,781

Note:

The Group's attributable share of the realised cumulative fair value gain of investment properties disposed of during the corresponding six months ended 30 June 2022 amounted to HK$143 million. Adding to it the reported attributable share of net gain on disposal of investment properties of HK$32 million (see above) for the corresponding six months ended 30 June 2022, the Group's attributable share of the realised gain (before tax) from the sales of property interests attributable to underlying profit amounted to HK$175 million during the corresponding six months ended 30 June 2022.

12 Segment reporting (continued)

(a) Results of reportable segments (continued)

In relation to the share of profits less losses of associates and joint ventures:

For the six months ended 30 June 2022	Property development HK$ million	Property leasing HK$ million	Hotel room operation HK$ million	Other businesses HK$ million	Sub-total HK$ million	Utility and energy HK$ million	Total HK$ million
Share of profits less losses of associates *(note (iii))*							
- Material listed associate							
The Hong Kong and China Gas Company Limited	-	73	(4)	(100)	(31)	1,410	1,379
- Other listed associate and unlisted associates	3	29	-	6	38	-	38
	3	102	(4)	(94)	7	1,410	1,417
Share of profits less losses of joint ventures *(note (iv))*	606	410	(27)	31	1,020	-	1,020
	609	512	(31)	(63)	1,027	1,410	2,437

12 Segment reporting (continued)

(a) Results of reportable segments (continued)

Notes:

(i) *The revenue figures above are arrived at after the elimination of inter-segment revenues, in the amounts of HK$218 million (2022: HK$220 million) and HK$836 million (2022: HK$385 million) in relation to the reportable segments under property leasing and others, respectively.*

(ii) *Revenue for the property leasing segment comprised rental income of HK$2,972 million (2022: HK$2,979 million) and rental-related income of HK$455 million (2022: HK$418 million), which in aggregate amounted to HK$3,427 million for the six months ended 30 June 2023 (2022: HK$3,397 million)(see note 5).*

(iii) *The Group's share of profits less losses of associates contributed from the property leasing segment during the period of HK$143 million (2022: HK$102 million) included the net increase in fair value of investment properties (net of deferred tax) during the period of HK$10 million (2022: the net decrease in fair value of investment properties (net of deferred tax) of HK$36 million) (see note 7).*

The Group's share of losses less profits of associates contributed from the other businesses segment during the period of HK$97 million (2022: HK$94 million) included the Group's share of profit after tax from hotel management (other than hotel room operation) during the period of HK$1 million (2022: share of loss after tax of HK$3 million).

(iv) *The Group's share of profits less losses of joint ventures contributed from the property leasing segment during the period of HK$485 million (2022: HK$410 million) included the net decrease in fair value of investment properties (net of deferred tax) during the period of HK$21 million (2022: HK$132 million) (see note 7).*

The Group's share of profits less losses of joint ventures contributed from the other businesses segment during the period of HK$55 million (2022: HK$31 million) included the Group's share of profit after tax from hotel management (other than hotel room operation) during the period of HK$7 million (2022: share of loss after tax of HK$17 million).

12 Segment reporting (continued)

(b) Geographical information

The following table sets out information about the geographical segment location of (i) the Group's revenue from external customers; and (ii) the Group's investment properties, other property, plant and equipment, right-of-use assets, goodwill, trademarks, interests in associates and joint ventures (together, the "Specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the Specified non-current assets is based on the physical location of the asset in the case of investment properties, other property, plant and equipment and right-of-use assets, the location of the operation to which the cash-generating unit(s) is(are) allocated in the case of goodwill and trademarks, and the location of operations in the case of interests in associates and joint ventures.

	Revenue from external customers		Specified non-current assets	
	For the six months ended 30 June		At 30 June	At 31 December
	2023	2022	**2023**	2022
	HK$ million	HK$ million	**HK$ million**	HK$ million
Hong Kong	**8,978**	8,330	**323,516**	319,254
Mainland China	**1,300**	1,176	**71,655**	76,480
The United Kingdom	**-**	-	**35**	33
	10,278	9,506	**395,206**	395,767
	(note 5)	(note 5)		

(c) Other segment information

	Depreciation and amortisation		Impairment loss/(reversal of impairment loss) on trade debtors, net	
	For the six months ended 30 June		For the six months ended 30 June	
	2023	2022	**2023**	2022
	HK$ million	HK$ million	**HK$ million**	HK$ million
Property development	**37**	41	**6**	-
Property leasing	**21**	24	**(3)**	3
Department stores and supermarket-cum-stores operations				
-sale of own goods	**74**	70	**-**	-
-rental of consignment and concessionaire counters	**5**	3	**-**	-
Hotel room operation	**37**	37	**-**	-
Other businesses	**99**	84	**-**	(1)
	273	259	**3**	2
	(note 8(c))	(note 8(c))	**(note 6)**	(note 6)

13 Inventories

	At 30 June 2023 HK$ million	At 31 December 2022 HK$ million
Property development		
Leasehold land held for development for sale	**11,117**	11,040
Properties held for/under development for sale	**58,793**	56,390
Completed properties for sale	**30,999**	29,642
	100,909	97,072
Other operations		
Trading stocks and consumable stores	**168**	186
	101,077	97,258

14 Trade and other receivables

		At 30 June 2023 HK$ million	At 31 December 2022 HK$ million
(i)	**Debtors and current receivables**		
	Trade receivables	**318**	366
	Instalments receivable	**120**	280
	Sub-total: Trade debtors	**438**	646
	Other debtors	**5,366**	4,318
	Prepayments and deposits	**4,043**	4,396
	Gross amount due from customers for contract work [^]	**46**	105
	Amounts due from associates	**35**	109
	Amounts due from joint ventures	**247**	290
		10,175	9,864
(ii)	**Other current financial assets**		
	Loans receivable	**3,084**	3,301
	Financial assets measured at FVPL	**532**	450
	Derivative financial instruments	**31**	53
		3,647	3,804
		13,822	13,668

[^] *This balance represented the excess of cumulative revenue recognised in profit or loss over the cumulative payments made by customers at the end of the reporting period, and was recognised as contract asset.*

Included in other debtors is an amount receivable of HK$1,864 million (31 December 2022: HK$1,867 million) which was overdue at 30 June 2023, but which are pledged against certain collaterals provided by the debtor.

Loans receivable, of which HK$72 million (31 December 2022: HK$69 million) are secured and HK$3,012 million (31 December 2022: HK$3,232 million) are unsecured, are expected to be recovered within one year from the end of the reporting period, and were not past due at 30 June 2023 and 31 December 2022.

14 Trade and other receivables (continued)

The amounts due from associates and joint ventures at 30 June 2023 and 31 December 2022 are unsecured, interest-free, have no fixed terms of repayment and were not past due at 30 June 2023 and 31 December 2022.

At the end of the reporting period, the ageing analysis of trade debtors (which are included in trade and other receivables), based on the dates of invoices or demand notes and net of loss allowance, is as follows:

	At 30 June 2023 HK$ million	At 31 December 2022 HK$ million
Current or up to 1 month	**289**	505
More than 1 month and up to 3 months	**50**	58
More than 3 months and up to 6 months	**49**	27
More than 6 months	**50**	56
	438	646

Regular review and follow-up actions are carried out on overdue amounts of instalments receivable from sale of properties and loans receivable which enable management to assess their recoverability and to minimise exposure to credit risk. In relation to property sales for which the buyers have entered into mortgage loans advanced by the Group, management mitigates the credit risk by holding collateral in the form of properties to cover the amounts of mortgage loans advanced by the Group to the property buyers. In respect of rental income from leasing properties, monthly rents are received in advance and sufficient rental deposits are held to cover potential exposure to credit risk.

For other trade receivables, credit terms given to customers are generally based on the financial strength and repayment history of each customer, and (i) for property sales transactions, credit terms are granted to buyers in accordance with the sales plans of the projects; and (ii) for property leasing transactions, credit terms granted to tenants generally ranged between 30 days and 60 days from the due date. As such, the Group does not obtain collateral from its customers. An ageing analysis of the receivables is prepared on a regular basis and is closely monitored to minimise any credit risk associated with the receivables. Adequate allowances for impairment losses have been made for estimated irrecoverable amounts.

The Group has made advances to certain of its associates and joint ventures in mainland China which are interest-bearing, unsecured and have various repayment dates. Management assesses the credit risk on the loans receivable from such associates and joint ventures based on their financial conditions and the profitability of the projects operated by such associates and joint ventures, as well as the counterparty risks of the joint venture partners with reference to their credit ratings.

15 Trade and other payables

	At 30 June 2023 HK$ million	At 31 December 2022 HK$ million
Creditors and accrued expenses	**8,750**	8,581
Gross amount due to customers for contract work[(#)]	**98**	5
Rental and other deposits received	**1,906**	1,905
Forward sales deposits received and other contract liabilities [(#)]	**5,569**	3,909
Derivative financial instruments	**255**	205
Amounts due to associates	**1,840**	1,759
Amounts due to joint ventures	**9,897**	9,909
	28,315	26,273

[(#)] *These balances represented the excess of cumulative payments made by customers over the cumulative revenue recognised in profit or loss at the end of the reporting period, and were recognised as contract liabilities.*

Provision for long service payment

The Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 was enacted in June 2022 which abolishes the use of the accrued benefits of employers' mandatory contributions under the Mandatory Provident Fund Schemes Ordinance and/or Occupational Retirement Schemes Ordinance to offset severance payment and long service payment (the "Offsetting Arrangement"). The abolishment of the Offsetting Arrangement would increase the state benefits that affect the long service payment payable by the employer. In accordance with the requirement of HKAS 19, *Employee benefits*, management has re-measured the provision for long service payment to reflect the financial impact of the abolishment of the Offsetting Arrangement. As a result, a provision for long service payment in the amount of HK$41 million has been recognised at 30 June 2023 (31 December 2022: HK$42 million) which is included in "Creditors and accrued expenses" above.

At the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the due dates for settlement, is as follows:

	At 30 June 2023 HK$ million	At 31 December 2022 HK$ million
Due within 1 month or on demand	**1,334**	1,983
Due after 1 month but within 3 months	**530**	375
Due after 3 months but within 6 months	**346**	326
Due after 6 months	**1,737**	1,573
	3,947	4,257

The amounts due to associates and joint ventures at 30 June 2023 and 31 December 2022 are unsecured, interest-free and have no fixed terms of repayment except for aggregate amounts due to certain associates and certain joint ventures of HK$2,792 million (31 December 2022: HK$2,894 million) which are unsecured, interest-bearing at interest rates ranging from 3.55% to 3.85% (31 December 2022: ranging from 3.65% to 3.85%) per annum and wholly repayable between 7 July 2023 and 21 June 2024 (31 December 2022: between 20 January 2023 and 8 December 2023).

16 Non-adjusting event after the reporting period

After the end of the reporting period, the Directors declared an interim dividend. Further details are disclosed in note 11(a).

FINANCIAL REVIEW

Results of operations

The following discussions should be read in conjunction with the Company's unaudited condensed consolidated financial statements for the six months ended 30 June 2023.

Revenue and profit

	Revenue			***Profit / (Loss) contribution from operations***		
	Six months ended 30 June		*Increase / (Decrease)*	***Six months ended 30 June***		*Increase / (Decrease)*
	2023	2022		**2023**	2022	
	HK$ million	HK$ million	*%*	**HK$ million**	HK$ million	*%*
Reportable segments						
- Property development *(2022 : reclassified)*	**4,337**	4,309	*+1%*	**894**	1,130	*-21%*
- Property leasing	**3,427**	3,397	*+1%*	**2,510**	2,500	-
- Department stores and supermarket-cum-stores operations	**803**	937	*-14%*	**68**	104	*-35%*
- Hotel room operation	**154**	56	*+175%*	**33**	(35)	*+194%*
- Other businesses *(2022 : reclassified)*	**1,557**	807	*+93%*	**33**	(168)	*+120%*
	10,278	9,506	*+8%*	**3,538**	3,531	-

For the purpose of facilitating management's assessment of the Group's real estate-related financial performance, for the six months ended 30 June 2023, the revenue and segment results related to the sale of leasehold land, interest income from mortgage loans and interest income from property development joint ventures have been reclassified from the "Other businesses" segment to the "Property development" segment. The comparative figures for the corresponding six months ended 30 June 2022 have been reclassified accordingly.

	Six months ended 30 June		
	2023	2022	*Increase*
	HK$ million	HK$ million	*%*
Profit attributable to equity shareholders of the Company			
- including the Group's attributable share of changes in fair value of investment properties and investment properties under development (net of deferred taxation) held by the Group's subsidiaries, associates and joint ventures	**5,957**	4,781	*+25%*
- excluding the Group's attributable share of changes in fair value of investment properties and investment properties under development (net of deferred taxation) held by the Group's subsidiaries, associates and joint ventures ("Underlying Profit") *(Note)*	**6,073**	5,137	*+18%*

Note :

Underlying profit attributable to equity shareholders of the Company ("Underlying Profit") excludes the Group's attributable share of fair value change (net of deferred tax) of the investment properties and investment properties under development held by subsidiaries, associates and joint ventures. In order to fully exclude the aforesaid effects of changes in fair value from the Underlying Profit, the Group's attributable share of the cumulative fair value gain (net of tax) of investment properties disposed of during the period (which has been included in calculating the net loss or gain on disposal of investment properties and hence the profit attributable to equity shareholders of the Company during the period) of HK$9 million (2022: HK$143 million) was added back in arriving at the Underlying Profit.

Below is the comparison of the Underlying Profits for the six months ended 30 June 2023 and 30 June 2022 by excluding certain fair value adjustments for both periods:-

	Six months ended 30 June		*Increase / (Decrease)*	
	2023	2022		
	HK$ million	HK$ million	*HK$ million*	*%*
Underlying Profit	**6,073**	5,137	*936*	*+18%*
Add/(Less) :				
(i) Net fair value loss/(gain) on derivative financial instruments relating to certain interest rate swap contracts, cross currency swap contracts, cross currency interest rate swap contracts and foreign exchange forward contracts (net of tax) for which no hedge accounting was applied during the period	**113**	(185)	*298*	
(ii) Aggregate fair value loss on the Group's investment measured as financial asset at fair value through profit or loss	**148**	219	*(71)*	
(iii) Gain on the de-recognition of the Group's investment in Sunlight Real Estate Investment Trust ("Sunlight REIT") from "Investment measured as financial asset at fair value through profit or loss", and gain on bargain purchase from the recognition of the Group's investment in Sunlight REIT as "Interest in associate" (collectively, the "Aggregate One-Off Gains")	**(1,739)**	-	*(1,739)*	
	4,595	5,171	*(576)*	*-11%*

Discussions on the major reportable segments are set out below.

Property development

Gross revenue - subsidiaries

The gross revenue from property sales during the six months ended 30 June 2023 and 30 June 2022 generated by the Group's subsidiaries, and by geographical contribution, were as follows:-

	Six months ended 30 June			
	2023	2022	*Increase / (Decrease)*	
	HK$ million	HK$ million	*HK$ million*	*%*
By geographical contribution:				
Hong Kong *(2022 : reclassified)*	**4,274**	4,294	*(20)*	*-*
Mainland China	**63**	15	*48*	*+320%*
	4,337	4,309	*28*	*+1%*

The gross revenue from property sales in Hong Kong during the six months ended 30 June 2023 was mainly contributed from the following residential development projects completed in 2022 and during the six months ended 30 June 2023 and the sold units of which were delivered to the buyers during the six months ended 30 June 2023:

(i) HK$885 million from "Caine Hill" in Mid-Levels, Hong Kong Island which was completed in January 2023;

(ii) HK$846 million from "The Holborn" in Quarry Bay, Hong Kong Island which was completed in February 2023;

(iii) HK$688 million from "One Innovale·Bellevue" and "One Innovale·Cabanna" in Fanling North, the New Territories which were completed in November 2022;

(iv) HK$356 million from "One Innovale·Archway" in Fanling North, the New Territories which was completed in June 2022; and

(v) HK$275 million from "The Harmonie" in Cheung Sha Wan, Kowloon which was completed in November 2022.

Pre-tax profits – subsidiaries, associates and joint ventures

The Group's attributable share of pre-tax profits from property sales, by geographical contribution and from subsidiaries (after deducting non-controlling interests), associates and joint ventures during the six months ended 30 June 2023 and 30 June 2022, were as follows:-

	Six months ended 30 June			
	2023	2022	*Decrease*	
	HK$ million	HK$ million	*HK$ million*	*%*
By geographical contribution:				
Hong Kong *(2022 : reclassified)*	**962**	1,158	*(196)*	*-17%*
Mainland China	**696**	1,065	*(369)*	*-35%*
	1,658	2,223	*(565)*	*-25%*

The decrease in the Group's attributable share of pre-tax profits from property sales in Hong Kong during the six months ended 30 June 2023 of HK$196 million (or 17%) was mainly due to lower pre-tax profit margins recognised during the period.

The decrease in the Group's attributable share of pre-tax profits from property sales in mainland China during the six months ended 30 June 2023 of HK$369 million (or 35%) was mainly due to the decrease in the Group's attributable share of pre-tax profit contributions from "La Botanica" in Xian, "Xuheng Huayuan" in Hefei and "Chengdu ICC" in Chengdu (all being projects held by the Group's joint ventures) in the aggregate amount of HK$640 million, which was partially offset by the increase in the Group's attributable share of pre-tax profit contributions from "The Landscape" in Changsha and "Xindu Project" in Chengdu (both being projects held by the Group's joint ventures) in the aggregate amount of HK$350 million.

	Six months ended 30 June			
	2023	2022	*Decrease*	
	HK$ million	HK$ million	*HK$ million*	*%*
By contribution from subsidiaries (after deducting non-controlling interests), associates and joint ventures:				
Subsidiaries *(2022 : reclassified)*	**872**	1,098	*(226)*	*-21%*
Associates *(2022 : reclassified)*	**10**	13	*(3)*	*-23%*
Joint ventures	**776**	1,112	*(336)*	*-30%*
	1,658	2,223	*(565)*	*-25%*

The decrease of HK$226 million (or 21%) in the Group's attributable share of pre-tax profits from property sales of the Group's subsidiaries during the six months ended 30 June 2023 was mainly attributable to the period-on-period decrease of HK$195 million in relation to property sales of the Group's subsidiaries in Hong Kong, mainly due to lower pre-tax profit margins recognised during the period.

The decrease of HK$336 million (or 30%) in the Group's attributable share of pre-tax profits from property sales of the Group's joint ventures during the six months ended 30 June 2023 was mainly attributable to the period-on-period decrease of HK$329 million in relation to property sales of the Group's joint ventures in mainland China, mainly due to the decrease in the Group's attributable share of pre-tax profit contributions from "La Botanica" in Xian, "Xuheng Huayuan" in Hefei and "Chengdu ICC" in Chengdu as referred to above.

Property leasing

Gross revenue - subsidiaries

The gross revenue from property leasing during the six months ended 30 June 2023 and 30 June 2022 generated by the Group's subsidiaries, and by geographical contribution, were as follows:-

	Six months ended 30 June			
	2023	2022	*Increase / (Decrease)*	
	HK$ million	HK$ million	*HK$ million*	*%*
By geographical contribution:				
Hong Kong	**2,405**	2,346	*59*	*+3%*
Mainland China	**1,022**	1,051	*(29)*	*-3%*
	3,427	3,397	*30*	*+1%*

Pre-tax net rental income – subsidiaries, associates and joint ventures

The Group's attributable share of pre-tax net rental income, by geographical contribution and from subsidiaries (after deducting non-controlling interests), associates and joint ventures during the six months ended 30 June 2023 and 30 June 2022, were as follows:-

	Six months ended 30 June			
	2023	2022	*Increase / (Decrease)*	
	HK$ million	HK$ million	*HK$ million*	*%*
By geographical contribution:				
Hong Kong	**2,472**	2,340	*132*	*+6%*
Mainland China	**758**	852	*(94)*	*-11%*
	3,230	3,192	*38*	*+1%*
By contribution from subsidiaries (after deducting non-controlling interests), associates and joint ventures:				
Subsidiaries	**2,327**	2,322	*5*	*-*
Associates	**184**	178	*6*	*+3%*
Joint ventures	**719**	692	*27*	*+4%*
	3,230	3,192	*38*	*+1%*

For Hong Kong, on an overall portfolio basis, there was a period-on-period increase of HK$59 million (or 3%) in rental revenue contribution and a period-on-period increase of HK$132 million (or 6%) in the Group's attributable share of pre-tax net rental income contribution for the six months ended 30 June 2023. The increase in the Group's attributable share of pre-tax net rental income contribution is mainly due to (i) the increase in profit contribution of HK$95 million from the investment properties held by the Group's subsidiaries due to the decrease in the amount of rent concessions amortised during the six months ended 30 June 2023 compared with that for the corresponding six months ended 30 June 2022 as well as the increase in profit contributions from the recently completed investment properties such as H Zentre, Harbour East and the commercial portions of The Vantage and The Addition; and (ii) the increase in the Group's attributable share of profit contribution of HK$20 million from the joint venture project in Tung Chung as a result of the improved earnings performance after the lifting of social distancing measures since the end of 2022, which also mainly explains for the period-on-period increase of HK$27 million, or 4%, in the Group's attributable share of pre-tax net rental income contribution from the joint ventures as referred to above.

For mainland China, on an overall portfolio basis, there was a period-on-period decrease of HK$29 million (or 3%) in rental revenue contribution and a period-on-period decrease of HK$94 million (or 11%) in the Group's attributable share of pre-tax net rental income contribution for the six months ended 30 June 2023. Based on the average exchange rates between the Renminbi ("RMB") and Hong Kong dollars ("HKD") for the two financial periods of six months ended 30 June 2023 and 30 June 2022, there was a period-on-period depreciation of RMB against HKD by approximately 7% during the six months ended 30 June 2023, and excluding the effect of foreign currency translation, there was in RMB terms:

(i) a period-on-period increase in gross rental income of 5% which was mainly attributable to the increased leasing revenue contributions from the twin office towers of "Lumina Guangzhou" in Guangzhou following the increased occupancy during the period, as well as the additional leasing revenue contributions from "Lumina Shanghai" Phases 1 and 2 in Shanghai's Xuhui Riverside Development Area which were completed in 2022, which outweigh the decrease in rental revenue contribution of "World Financial Centre" in Beijing due to a slightly lower occupancy during the period; and

(ii) a period-on-period decrease in the Group's attributable share of pre-tax net rental income of 4% which was mainly attributable to the higher marketing expenses for the recently completed investment properties, despite the period-on-period increase in rental revenue as referred to above.

Department stores and supermarket-cum-stores operations

Department stores and supermarket-cum-stores operations are carried out by Citistore (Hong Kong) Limited ("Citistore") and Unicorn Stores (HK) Limited ("Unicorn") respectively, both being wholly-owned subsidiaries of Henderson Investment Limited, a non-wholly owned listed subsidiary of the Group. For the six months ended 30 June 2023, revenue contribution amounted to HK$803 million (2022: HK$937 million) which represented a period-on-period decrease of HK$134 million, or 14%, from that for the corresponding six months ended 30 June 2022. The decrease in revenue during the six months ended 30 June 2023 was mainly attributable to the decrease in revenue contribution from Unicorn for the period, which in turn was mainly attributable to (i) the lower sales from Unicorn's APITA supermarket-cum-store at Taikoo Shing due to its phased renovation; and (ii) the decrease in customers' demand for food and daily necessities at the supermarkets operated by Unicorn due to the lifting of social distancing measures since the end of 2022.

Profit contribution (after the elimination of rental expenditure payable by Citistore and Unicorn to the Group, in respect of certain store premises leased by Citistore and Unicorn from the Group for business operation) for the six months ended 30 June 2023 decreased by HK$36 million, or 35%, to HK$68 million (2022: HK$104 million). The decrease in profit contribution was mainly attributable to (i) the decrease in pre-tax profit contribution from Unicorn for the period which resulted from the decrease in revenue contribution from Unicorn for the period as referred to above; and (ii) the increase in operating expenditures upon the commencement of the renewed tenancy lease on 1 March 2022 of the APITA supermarket-cum-store at Taikoo Shing, which had a full six-month effect for the period as compared with the four-month effect for the corresponding six months ended 30 June 2022.

Hotel room operation

This mainly relates to the sales of hotel rooms by Miramar Hotel and Investment Company, Limited ("Miramar", a non-wholly owned listed subsidiary of the Group) in respect of The Mira Hong Kong Hotel and Mira Moon Hotel, being the two hotels operated by Miramar in Hong Kong.

During the six months ended 30 June 2023, revenue amounted to HK$154 million (2022: HK$56 million) and pre-tax profit amounted to HK$33 million (2022: pre-tax loss of HK$35 million), representing a period-on-period increase in revenue of HK$98 million (or 175%) and a turnaround in the pre-tax operating results from loss for the corresponding six months ended 30 June 2022 to profit for the six months ended 30 June 2023. The remarkable improvement in the revenue and pre-tax results performances during the six months ended 30 June 2023 were mainly attributable to the increased hotel room sales and patronage from foreign travellers following the release of border quarantine measures in September 2022 by the HKSAR Government.

Other businesses

Other businesses mainly comprise hotel management (other than hotel room operation), construction, provision of finance (other than mortgage loans as well as interest income from property development joint ventures which are classified under the "Property development" segment), investment holding, project management, property management, agency services, cleaning and security guard services, as well as travel and food and beverage operations.

Revenue and pre-tax profit contribution from other businesses for the six months ended 30 June 2023 amounted to HK$1,557 million and HK$33 million respectively, representing:

(a) an increase of HK$750 million (or 93%) over the revenue contribution of HK$807 million for the corresponding six months ended 30 June 2022 (which has been restated due to the reclassification of certain figures from the "Other businesses" segment to the "Property development" segment, as referred to in the section "Revenue and profit" above), which was mainly attributable to the following:

    (i) the increase in revenue contribution of HK$459 million during the period from Miramar's hotel management, travel and food and beverage operations, following the release of border quarantine measures in September 2022 by the HKSAR Government and the lifting of social distancing measures since the end of 2022; and

    (ii) the increase in revenue contribution of HK$235 million from the construction activities carried out by the Group for the residential project development of the Group's two joint ventures at The Kai Tak Development Area;

    and

(b) an increase in profit contribution of HK$201 million (or 120%) from the pre-tax loss of HK$168 million for the corresponding six months ended 30 June 2022 (which has been restated due to the reclassification of certain figures from the "Other businesses" segment to the "Property development" segment, as referred to in the section "Revenue and profit" above), which was mainly attributable to the increase in profit contribution of HK$51 million from Miramar's hotel management, travel and food and beverage operations and the increase in profit contribution of HK$43 million from the Group's construction activities (both as referred to above), as well as the fact that the fair value loss on the Group's investments in the listed units of Sunlight REIT of HK$148 million during the six months ended 30 June 2023 was not classified under the "Other businesses" segment (but was netted off against the Aggregate One-Off Gains for the purpose of presentation of segmental information in the Group's condensed interim financial statements for the six months ended 30 June 2023) for the reason that Sunlight REIT became a listed associate of the Group commencing from 30 June 2023 (as referred to in the paragraph headed "Increase in the Group's interest in Sunlight REIT" below).

Increase in the Group's interest in Sunlight REIT

During the six months ended 30 June 2023, the Group's beneficial holding in the listed units of Sunlight REIT had increased from 19.535% at 1 January 2023 to 20.001% at 30 June 2023, through the Group's purchases of 2,476,000 listed units of Sunlight REIT in the open market during the period as well as 6,739,817 new listed units of Sunlight REIT issued during the period to a wholly-owned subsidiary of the Company which is engaged in the provision of asset management services to Sunlight REIT.

In this regard, commencing from 30 June 2023, being the date on which the Group had a beneficial interest which first exceeded 20% in the issued units (which carry voting rights) of Sunlight REIT, the Group has accounted for Sunlight REIT as a listed associate of the Group under the principles of Hong Kong Accounting Standard ("HKAS") 28 *"Investments in associates and joint ventures*" that with the Group's holding of 20% or more of the voting power of Sunlight REIT, the Group is presumed to have significant influence in Sunlight REIT.

As a result :

(i) commencing from 30 June 2023, the Group has de-recognised its investment in Sunlight REIT from "Investment measured as financial asset at fair value through profit or loss" and recognised such investment as "Interest in associate";

(ii) during the six months ended 30 June 2023, the Group recognised the Aggregate One-off Gains in the amount of HK$1,739 million; and

(iii) commencing from 30 June 2023, the financial results of Sunlight REIT were accounted for under the equity method of accounting in the Group's consolidated financial statements.

Associates

The Group's attributable share of post-tax profits less losses of associates during the six months ended 30 June 2023 amounted to HK$1,555 million (2022: HK$1,417 million), representing an increase of HK$138 million, or 10%, over that for the corresponding six months ended 30 June 2022. Excluding the Group's attributable share of changes in fair value of investment properties held by the associates (net of deferred taxation) during the period, the Group's attributable share of the underlying post-tax profits less losses of associates for the six months ended 30 June 2023 amounted to HK$1,545 million (2022: HK$1,455 million), representing an increase of HK$90 million, or 6%, over that for the corresponding six months ended 30 June 2022. Such period-on-period increase in the underlying post-tax profits during the six months ended 30 June 2023 was mainly in relation to the increase of HK$99 million in the Group's attributable share of underlying post-tax profit contribution from The Hong Kong and China Gas Company Limited ("HKCG"), which arose from the increase in post-tax profit contributions from HKCG's gas business in Hong Kong and utilities and smart energy businesses in mainland China following the gradual recovery of business activities after the COVID-19 pandemic and hence the improvement in gas sales volumes and profit margins.

Joint ventures

The Group's attributable share of post-tax profits less losses of joint ventures during the six months ended 30 June 2023 amounted to HK$843 million (2022: HK$1,020 million), representing a decrease of HK$177 million, or 17%, from that for the corresponding six months ended 30 June 2022. Excluding the Group's attributable share of changes in fair value of investment properties held by the joint ventures (net of deferred taxation) during the period, the Group's attributable share of the underlying post-tax profits less losses of joint ventures for the six months ended 30 June 2023 amounted to HK$864 million (2022: HK$1,152 million), representing a decrease of HK$288 million, or 25%, from that for the corresponding six months ended 30 June 2022. Such period-on-period decrease in the underlying post-tax profits during the six months ended 30 June 2023 was mainly due to the decrease of HK$316 million in the Group's attributable share of post-tax profit contributions from property sales of the joint ventures, in particular in relation to "La Botanica" in Xian, "Xuheng Huayuan" in Hefei and "Chengdu ICC" in Chengdu, mainland China.

Finance costs

Finance costs (comprising interest expense and other borrowing costs) before interest capitalisation for the six months ended 30 June 2023 amounted to HK$3,012 million (2022: HK$1,368 million). Finance costs after interest capitalisation for the six months ended 30 June 2023 amounted to HK$905 million (2022: HK$470 million), and after set-off against the Group's bank interest income of HK$287 million for the six months ended 30 June 2023 (2022: HK$70 million), the Group recognised net finance costs in the Group's consolidated statement of profit or loss for the six months ended 30 June 2023 in the amount of HK$618 million (2022: HK$400 million).

Overall, as referred to in the paragraph headed "Maturity profile and interest cover" below, the Group's total debt amounted to HK$91,179 million at 30 June 2023 (31 December 2022: HK$90,381 million) which comprised (i) the Group's bank and other borrowings in Hong Kong in the aggregate amount of HK$88,465 million at 30 June 2023 (31 December 2022: HK$87,527 million); and (ii) amounts due from the Group to related companies of HK$2,714 million at 30 June 2023 (31 December 2022: HK$2,854 million).

During the six months ended 30 June 2023, the Group's overall effective borrowing rate in relation to the Group's bank and other borrowings in Hong Kong was approximately 3.79% per annum (2022: approximately 1.53% per annum).

Revaluation of investment properties and investment properties under development

The Group recognised a decrease in fair value on its investment properties and investment properties under development (before deferred taxation and non-controlling interests) of HK$109 million in the consolidated statement of profit or loss for the six months ended 30 June 2023 (2022: an increase of HK$37 million).

Financial resources and liquidity

Medium Term Note Programme

At 30 June 2023, the aggregate carrying amount of notes guaranteed by the Company and issued under the Group's Medium Term Note Programme established on 30 August 2011 ("MTN Programme") and under which the Company had on 6 May 2022 increased the maximum aggregate principal amount of notes outstanding at any one time from US$5,000 million to US$7,000 million, was HK$27,983 million (31 December 2022: HK$27,563 million) with tenures of between two years and twenty years (31 December 2022: between two years and twenty years).

During the six months ended 30 June 2023, the Group issued guaranteed notes under the MTN Programme denominated in RMB, United States dollars ("USD") and HKD in the aggregate equivalent amount of HK$6,847 million (2022: HK$3,620 million) with tenures of between two years and ten years (2022: tenures of two years). Such guaranteed notes issued by the Group serves to finance the Group's capital expenditure requirements as referred to in the paragraph headed "Capital commitments" below. These notes are included in the Group's bank and other borrowings at 30 June 2023 and 31 December 2022 as referred to in the paragraph headed "Maturity profile and interest cover" below. During the six months ended 30 June 2023, the Group has repaid certain guaranteed notes in the aggregate principal amount of HK$6,526 million (2022: HK$922 million) under the MTN Programme.

Maturity profile and interest cover

The maturity profile of the total debt, the cash and bank balances, the net debt and the gearing ratio of the Group were as follows:

	At 30 June 2023 HK$ million	At 31 December 2022 HK$ million
Bank and other borrowings repayable:		
- Within 1 year	**26,629**	30,653
- After 1 year but within 2 years	**26,780**	23,568
- After 2 years but within 5 years	**15,554**	19,998
- After 5 years	**19,502**	13,308
Amounts due to related companies	**2,714**	2,854
Total debt	**91,179**	90,381
Less:		
Cash and bank balances	**(13,324)**	(11,295)
Net debt	**77,855**	79,086
Shareholders' funds	**324,264**	327,948
Gearing ratio (%)	**24.0%**	24.1%

Gearing ratio is calculated based on the net debt and shareholders' funds of the Group at the end of the reporting period.

At 30 June 2023, the Group's total debt comprised (i) bank and other borrowings in Hong Kong, being bank loans of HK$60,482 million (31 December 2022: HK$59,964 million) and guaranteed notes of HK$27,983 million (31 December 2022: HK$27,563 million); and (ii) amounts due to related companies of HK$2,714 million (31 December 2022: HK$2,854 million), which in aggregate amounted to HK$91,179 million (31 December 2022: HK$90,381 million). The bank and other borrowings in Hong Kong were unsecured and have a weighted average debt maturity profile of approximately 2.97 years at 30 June 2023 (31 December 2022: approximately 2.68 years). The amounts due to related companies were unsecured and have a weighted average debt maturity profile of approximately three years (31 December 2022: approximately three years).

In addition, at 30 June 2023, there was an amount due from the Group to a fellow subsidiary (being a wholly-owned subsidiary of the ultimate controlling party of the Group) of HK$60,009 million (31 December 2022: HK$56,007 million) which was unsecured, interest-bearing and had no fixed repayment terms. The funds advanced from such fellow subsidiary to the Group were used to replace bank loans which arose from the Group's land acquisitions during the previous year ended 31 December 2021.

At 30 June 2023, after taking into account the effect of swap contracts, 40% (31 December 2022: 50%) of the Group's total debt carried fixed interest rates.

The interest cover of the Group is calculated as follows:

	Six months ended 30 June	
	2023	2022
	HK$ million	HK$ million
Profit from operations (including the cumulative fair value change (net of tax) of investment properties disposed of during the period, but before changes in fair value of investment properties and investment properties under development for the period) plus the Group's share of the underlying profits less losses of associates and joint ventures	**6,986**	6,190
Net interest expense (before interest capitalisation)	**2,634**	1,218
Interest cover (times)	**2.65**	5.08

The decrease in the Group's interest cover for the six months ended 30 June 2023 was mainly due to the interest rate hike during the six months ended 30 June 2023, with the Group's overall effective borrowing rate in relation to the bank and other borrowings in Hong Kong having increased from approximately 1.53% per annum during the corresponding six months ended 30 June 2022 to approximately 3.79% per annum during the six months ended 30 June 2023 (as referred to in the paragraph headed "Finance costs" above), which therefore increased the amount of interest expense (before interest capitalisation) for the six months ended 30 June 2023.

With abundant banking facilities in place and the recurrent income generated from its operations, the Group has adequate financial resources in meeting the funding requirements for its ongoing operations as well as its future expansion.

Treasury and financial management

The Group is exposed to interest rate and foreign exchange risks. To efficiently and effectively manage these risks, the Group’s financing and treasury activities are centrally co-ordinated at the corporate level. As a matter of policy, all transactions in derivative financial instruments are undertaken solely for risk management purposes and no derivative financial instruments were held by the Group at the end of the reporting period for speculative purposes.

The Group conducts its business primarily in Hong Kong with the related cash flows, assets and liabilities being denominated mainly in Hong Kong dollars. The Group’s primary foreign exchange exposure at 30 June 2023 arose from its property developments and investments in mainland China which were denominated in RMB, the guaranteed notes (“Notes”) which were denominated in USD, RMB and Japanese Yen (“¥”) and the bank borrowings which are denominated in ¥ and RMB at 30 June 2023.

In respect of the Group’s operations in mainland China, apart from its capital contributions and, in some cases, loan contributions to projects which are denominated in RMB and are not hedged, the Group endeavours to establish a natural hedge by maintaining an appropriate level of external borrowings in RMB. In respect of the Notes and bank borrowings at each of 30 June 2023 and 31 December 2022, hedging arrangements had been made by the Group with certain counterparty banks which comprised (i) interest rate swap contracts; (ii) cross currency swap contracts; (iii) cross currency interest rate swap contracts; and (iv) foreign exchange forward contract to hedge against interest rate risk and foreign currency risk during their tenure. Based on the aforementioned swap contracts, the aggregate amount of the Notes and bank borrowings which are hedged against the interest rate risk only, the foreign currency risk only and both the interest rate risk and foreign currency risk, was HK$24,707 million at 30 June 2023 (31 December 2022: HK$29,242 million) which represented 27% of the Group’s total debt at 30 June 2023 (31 December 2022: 32%).

Material acquisitions and disposals

Material acquisitions

The Group did not undertake any significant acquisitions of subsidiaries or assets during the six months ended 30 June 2023.

Material disposals

The Group did not undertake any significant disposals of assets or subsidiaries during the six months ended 30 June 2023.

Charge on assets

The assets of the Group’s subsidiaries were not charged to any party at 30 June 2023 and 31 December 2022.

Capital commitments

At 30 June 2023, capital commitments of the Group amounted to HK$16,456 million (31 December 2022: HK$17,942 million). In addition, the Group's attributable share of capital commitments undertaken by joint ventures and certain associates at 30 June 2023 amounted to HK$10,801 million (31 December 2022: HK$11,291 million).

Contingent liabilities

At 30 June 2023, the Group's contingent liabilities amounted to HK$12,522 million (31 December 2022: HK$13,987 million), which mainly included:-

(i) an aggregate attributable amount of HK$1,048 million (31 December 2022: HK$2,277 million) relating to performance bonds, guarantees and undertakings for the due and proper performance of the obligations of the Group's projects held by subsidiaries and joint ventures, the decrease of which was mainly attributable to the release of the Group's guarantees to certain banks in relation to the finance undertakings by such banks in favour of the HKSAR Government following the completion of the Group's three residential development projects in Hong Kong, namely, "The Harmonie", "One Innovale·Cabanna" and "Henley Park" under the terms and conditions of the relevant land grants;

(ii) an amount of HK$1,371 million (31 December 2022: HK$1,604 million) relating to guarantees given by the Group to financial institutions on behalf of purchasers of property units of the Group's development projects in mainland China in relation to which the related Building Ownership Certificate (房產證) had not yet been issued at 30 June 2023 (and such guarantees will be released upon the issuance of the Building Ownership Certificate);

(iii) amounts of HK$1,670 million (31 December 2022: HK$1,670 million), HK$2,100 million (31 December 2022: HK$2,100 million), HK$1,314 million (31 December 2022: HK$1,314 million) and HK$2,940 million (31 December 2022: HK$2,940 million) relating to the Group's attributable and proportional shares (in accordance with the Group's attributable interests in four joint ventures engaged in the development of residential properties at The Kai Tak Development Area, and in which the Group has 29.3% interest, 30% interest, 18% interest and 30% interest respectively) of contingent liabilities in respect of irrevocable, unconditional and several guarantees given by the Group to certain lending banks in relation to the maximum amounts which may be drawn down on certain loan facilities which were entered into on 8 July 2019, 4 December 2019, 1 June 2020 and 30 October 2020 respectively between such lending banks and the four joint ventures; and

(iv) an amount of up to HK$1,638 million (31 December 2022: HK$1,638 million) relating to the Group's attributable and proportional share (in accordance with the Group's attributable interest in a joint venture engaged in the development of a site owned by the Urban Renewal Authority at Bailey Street/Wing Kwong Street, To Kwa Wan, Kowloon, Hong Kong and in which the Group has 50% equity interest (the "Developer")) of contingent liabilities in respect of an irrevocable, unconditional and several guarantee given by the Group to the lending bank in relation to 50% of the maximum amount which may be drawn down by the Developer on a loan facility of up to HK$3,276 million which was entered into on 25 July 2022 between such lending bank and the Developer and which partially refinanced the previous shareholders' loans of the Developer.

Employees and remuneration policy

At 30 June 2023, the Group had 9,881 (31 December 2022: 9,950) full-time employees.

The remuneration of the employees is in line with the market and commensurate with the level of pay in the industry. Discretionary year-end bonuses are payable to the employees based on individual performance. Other benefits to the employees include medical insurance, retirement scheme, training programmes and education subsidies.

Total staff costs for the six months ended 30 June 2023 amounted to HK$1,521 million (2022: HK$1,499 million), representing a period-on-period increase of HK$22 million or 1%.

OTHER INFORMATION

Review of Interim Results

The unaudited interim results for the six months ended 30 June 2023 have been reviewed by the auditor of the Company, KPMG 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.

Purchase, Sale or Redemption of the Company’s Listed Securities

During the period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

Audit Committee

The Audit Committee met in August 2023 and reviewed the systems of internal control, risk management and compliance, and the interim report for the six months ended 30 June 2023.

Corporate Governance

During the six months ended 30 June 2023, the Company complied with the applicable code provisions set out in the Corporate Governance Code (the “CG Code”) as stated in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), with the exception that the roles of the chairman and the chief executive officer of the Company have not been segregated as required by the CG Code. The Company is of the view that it is in the best interest of the Company that each of Dr Lee Ka Kit and Dr Lee Ka Shing, with his relevant in-depth expertise and knowledge in the Group’s business, acts in the dual capacity as Chairman and Managing Director of the Company. Although the roles of the chairman and the chief executive officer of the Company have not been segregated, powers and authorities have not been over-concentrated as all major decisions are made in consultation with Board members as well as appropriate Board committees and senior management, who possess the relevant knowledge and expertise. Hence, the current arrangements are subject to adequate checks and balances notwithstanding the deviation.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules as the code for dealing in securities of the Company by the Directors (the “Model Code”). Having made specific enquiry, the Company confirmed that all Directors have complied with the required standards as set out in the Model Code.

Forward-Looking Statements

This announcement contains certain statements that are forward-looking or which use certain forward-looking terminologies. These forward-looking statements are based on the current beliefs, assumptions and expectations of the Board of Directors of the Company regarding the industry and markets in which it operates. These forward-looking statements are subject to risks, uncertainties and other factors beyond the Company's control which may cause actual results or performance to differ materially from those expressed or implied in such forward-looking statements.

On behalf of the Board

Dr Lee Ka Kit	**Dr Lee Ka Shing**
Chairman	*Chairman*

Hong Kong, 22 August 2023

As at the date of this announcement, the Board comprises: (1) executive directors: Lee Ka Kit (Chairman and Managing Director), Lee Ka Shing (Chairman and Managing Director), Lam Ko Yin, Colin, Lee Shau Kee, Yip Ying Chee, John, Fung Lee Woon King, Kwok Ping Ho, Suen Kwok Lam, Wong Ho Ming, Augustine and Fung Hau Chung, Andrew; (2) non-executive director: Lee Pui Ling, Angelina; and (3) independent non-executive directors: Kwong Che Keung, Gordon, Ko Ping Keung, Wu King Cheong, Woo Ka Biu, Jackson, Poon Chung Kwong and Au Siu Kee, Alexander.