

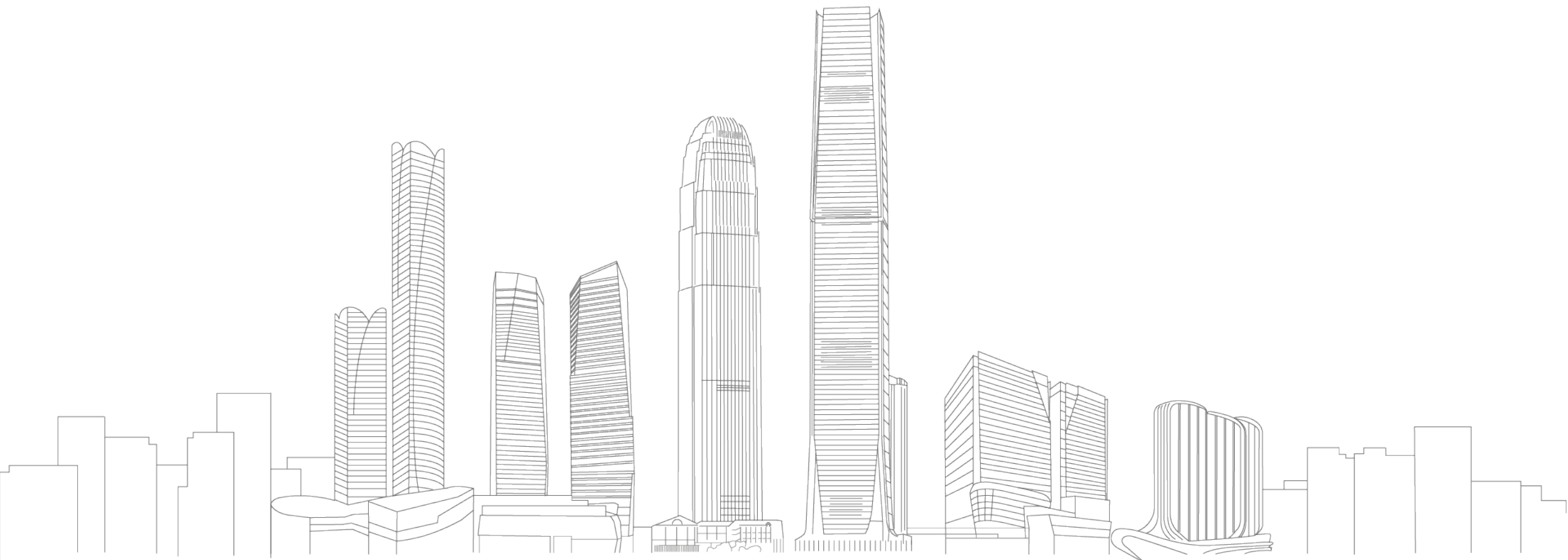
FY2023 Interim Results

23 February 2023



Sun Hung Kai Properties

Building Homes with Heart



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FINANCIAL REVIEW – 1H FY2023

Financial Highlights

	1H FY2023	1H FY2022	Change
Profit attributable to the Company's shareholders			
- Underlying ⁽¹⁾ (HK\$ mn)	9,465	14,818	-36.1%
- Reported (HK\$ mn)	8,410	15,186	-44.6%
Basic earnings per share			
- Underlying ⁽¹⁾ (HK\$)	3.27	5.11	-36.1%
- Reported (HK\$)	2.90	5.24	-44.6%
Interim dividend per share (HK\$)	1.25	1.25	Flat

(1) Excluding the effect of fair value changes on investment properties net of deferred taxation and non-controlling interests

Profit Breakdown by Segment

Profit Breakdown by Segment ⁽¹⁾ (in HK\$ mn)	1H FY2023	1H FY2022	Change
(I) Property sales			
- Hong Kong	1,200	7,036	
- Mainland	2,166	622	
Sub-total	3,366	7,658	-56.0%
(II) Property rental			
- Hong Kong	6,393	6,715	
- Mainland	2,218	2,766	
- Singapore	276	247	
Sub-total	8,887	9,728	-8.6%
(III) Hotel operation	-63	-162	n.m.
(IV) Other businesses	2,428	2,319	+4.7%
Total (I)+(II)+(III)+(IV)	14,618	19,543	-25.2%

(1) Including share of associates and joint ventures

Financial Position

As at	31 Dec 2022	30 Jun 2022	31 Dec 2021
Shareholders' equity (HK\$ mn)	595,070	601,946	600,773
- Shareholders' equity per share (HK\$)	205.4	207.7	207.3
Net debt (HK\$ mn)	114,067	104,608	104,955
Net gearing ratio ⁽¹⁾	19.2%	17.4%	17.5%
	1H FY2023		1H FY2022
Interest cover ⁽²⁾	6.0x		13.0x

(1) Calculated on the basis of net debt to Company's shareholders' equity

(2) Measured by the ratio of operating profit to total net interest expenses including those capitalized

Financial Position (Cont'd)

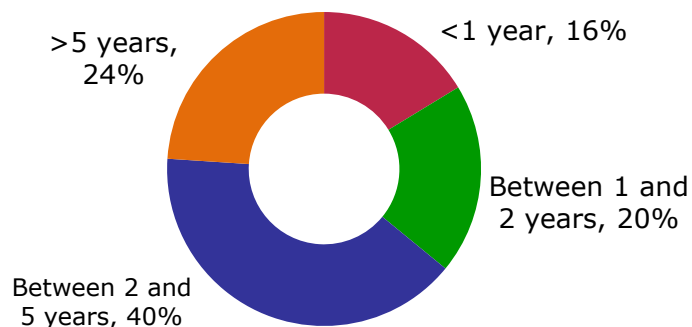
Prudent financial policy

Diversified funding sources

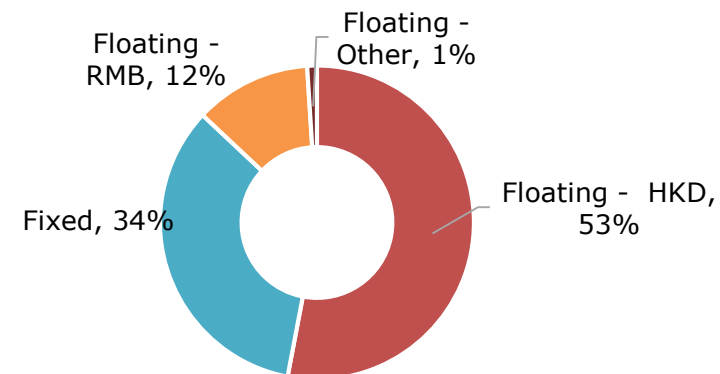
Balanced debt maturity profile

Ample liquidity

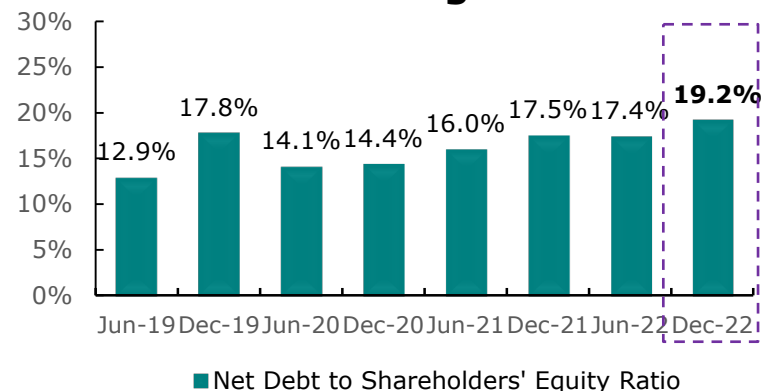
Debt Maturity Profile



Non-RMB Floating Rate Debt: 54%



Net Gearing Ratio



MOODY'S A1/ Stable

S&P Global A+/ Stable
Ratings

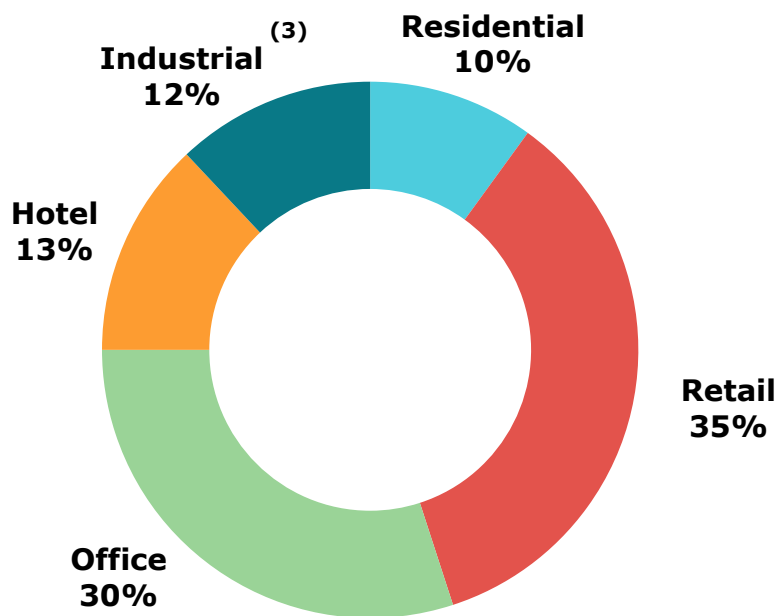


**PROPERTY BUSINESS - HONG KONG
LAND BANK**

Land Bank in Hong Kong

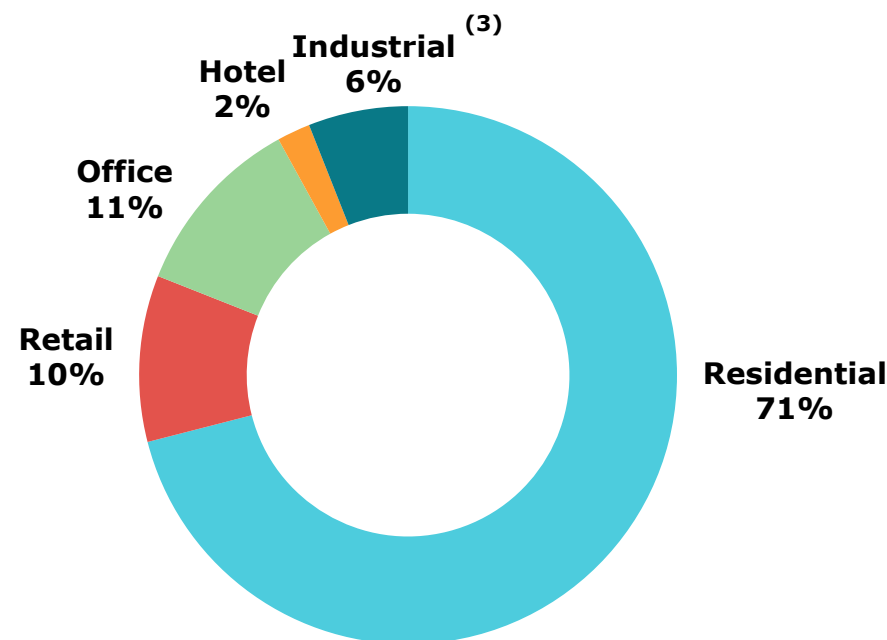
- Total land bank as at 31 December 2022: **57.9mn sq.ft.**⁽¹⁾

Completed Properties⁽²⁾



Total: 34.8mn sq.ft.

Properties under Development



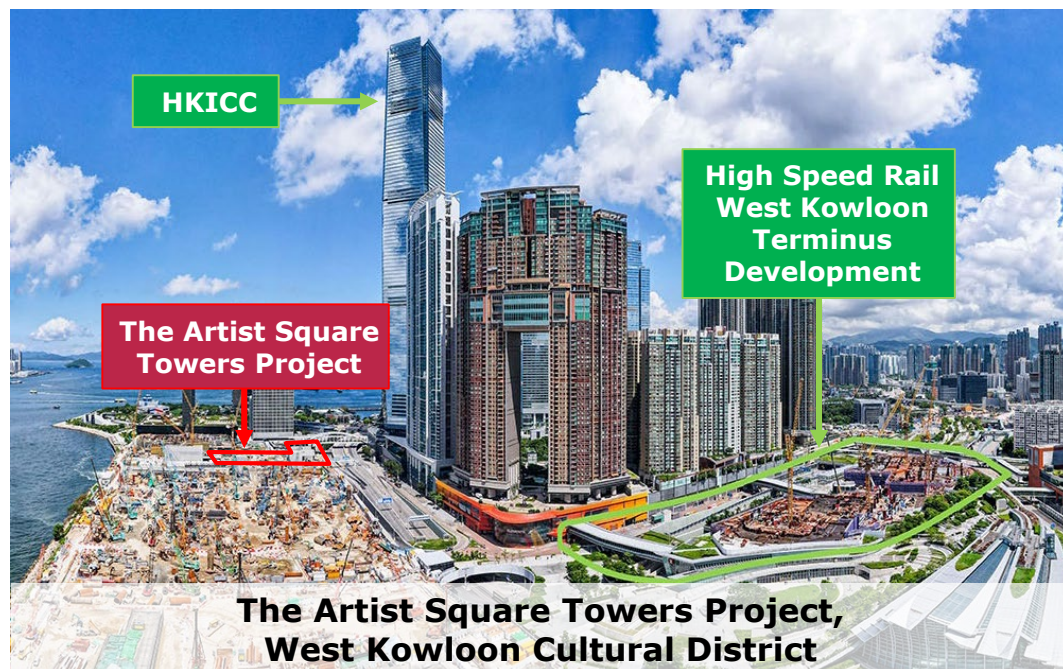
Total: 23.1mn sq.ft.

(1) In attributable terms

(2) An overwhelming majority are for rent/investment

(3) Including industrial/office premises, godowns and data centres

Land Acquisitions in Hong Kong



**The Artist Square Towers Project,
West Kowloon Cultural District**

Project Details

Development Model:	Build-Operate-Transfer
Contract Period:	~47 years
Office GFA:	~672,000 sq.ft.
Retail GFA:	~27,000 sq.ft.
Total GFA:	~699,000 sq.ft.

- In November 2022, the Group was awarded the right to develop and operate the Artist Square Towers Project in the West Kowloon Cultural District for about 47 years under a Build-Operate-Transfer agreement
- It will synergize with the Group's nearby ICC and the High Speed Rail West Kowloon Terminus Development, forming a unique commercial cluster, with over 5.7mn sq.ft. premium Grade-A office space and two luxury hotels, to capture the enormous business opportunities from the Greater Bay Area development

Land Acquisitions in Hong Kong (Cont'd)

- Successfully acquired commercial sites near Anderson Road in Kwun Tong through government tender
- Located in a new residential cluster in Kowloon East, the project will be developed into community shopping centres
 - To offer diverse options for the daily needs of a rising population in the area
- Expand the Group's retail portfolio in Kowloon East



**Lot No. 1077 in Survey District No. 3,
off Anderson Road Site C1 & C5, Kwun Tong**

Project Details

Stake:	100%
Retail GFA:	~110,000 sq.ft.



PROPERTY BUSINESS - HONG KONG PROPERTY DEVELOPMENT

Recognized Property Sales in Hong Kong

Property Sales ⁽¹⁾	1H FY2023	1H FY2022	Change
Revenue (HK\$ mn)	2,885	16,997	↓ 83.0%
Operating profit (HK\$ mn)	1,200	7,036	↓ 82.9%

- Substantial decrease was mainly due to all residential projects for sale to be completed in FY2023 are scheduled for handover in 2H FY2023, including:
 - NOVO LAND Phase 1A & 1B, Wetland Seasons Bay Phase 3, The YOHO Hub Phase 1, St Michel Phase 2 and KENNEDY 38
 - Totalling ~2.0mn sq.ft. of attri. residential GFA
- About HK\$31.2bn⁽²⁾ contracted sales yet to be recognized
- Satisfactory development margins



(1) Including shares of associates and joint ventures

(2) As at 31 December 2022

Contracted Sales in Hong Kong for 1H FY2023

Project	Stake (%)	Attri. Sales Proceeds (HK\$ bn)
NOVO LAND Phase 1A & 1B, Tuen Mun	100	9.5
Wetland Seasons Bay Phase 2 & 3	100	1.4
PARK YOHO Bologna, Yuen Long	100	0.8
Others		1.7
Total		13.4

- In 1H FY2023, Hong Kong residential market went through a period of consolidation amid weak domestic economic conditions and rising mortgage rates
- The residential property market has recently shown signs of recovery

Ample Saleable Resources in Hong Kong - New Projects to be launched in the Rest of 2023



**NOVO LAND Phase 2A & 2B,
Tuen Mun**

Stake: 100%

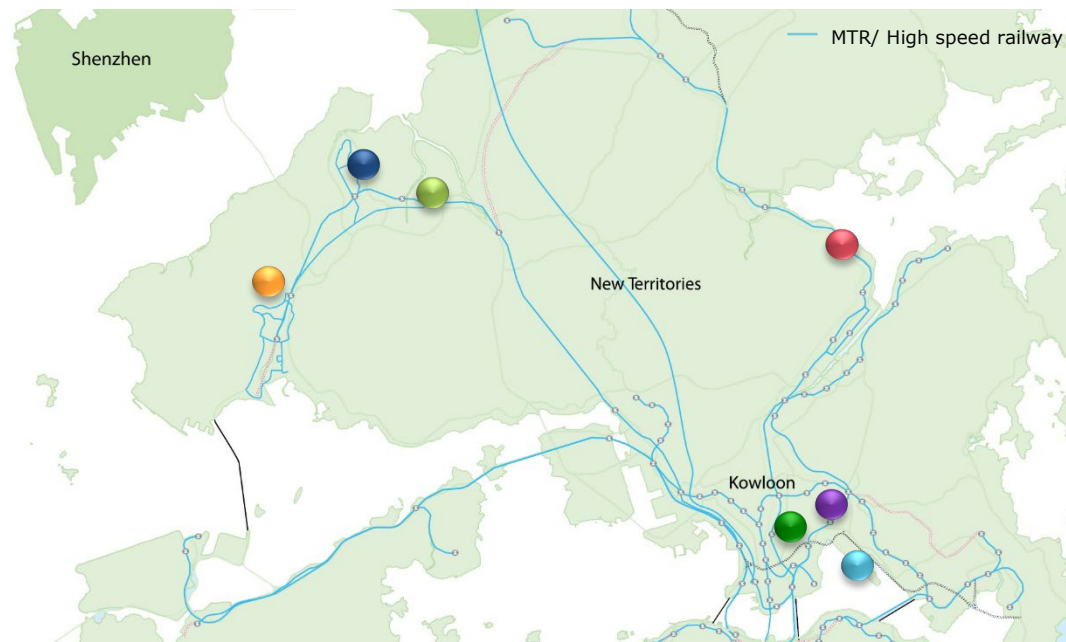
Res. GFA: 883,000 sq.ft.



**Tin Wing Stop Development
Phase 1, Yuen Long**

Stake: JV

Res. GFA: 706,000 sq.ft.



**The YOHO Hub Phase 2,
Yuen Long**

Stake: JV

Res. GFA: 627,000 sq.ft.



**New Kowloon Inland
Lot No. 6551 Phase 1, Kai Tak**

Stake: 100%

Res. GFA: 380,000 sq.ft.



**UNIVERSITY Hill,
Pak Shek Kok**

Stake: 100%

Res. GFA: 287,000 sq.ft.

**233 Prince Edward Road
West, Ho Man Tin**

Stake: 58%

Attr. Res. GFA: 42,000 sq.ft.



**New Kowloon Inland
Lot No. 6568 Phase 1, Kai Tak**

Stake: 100%

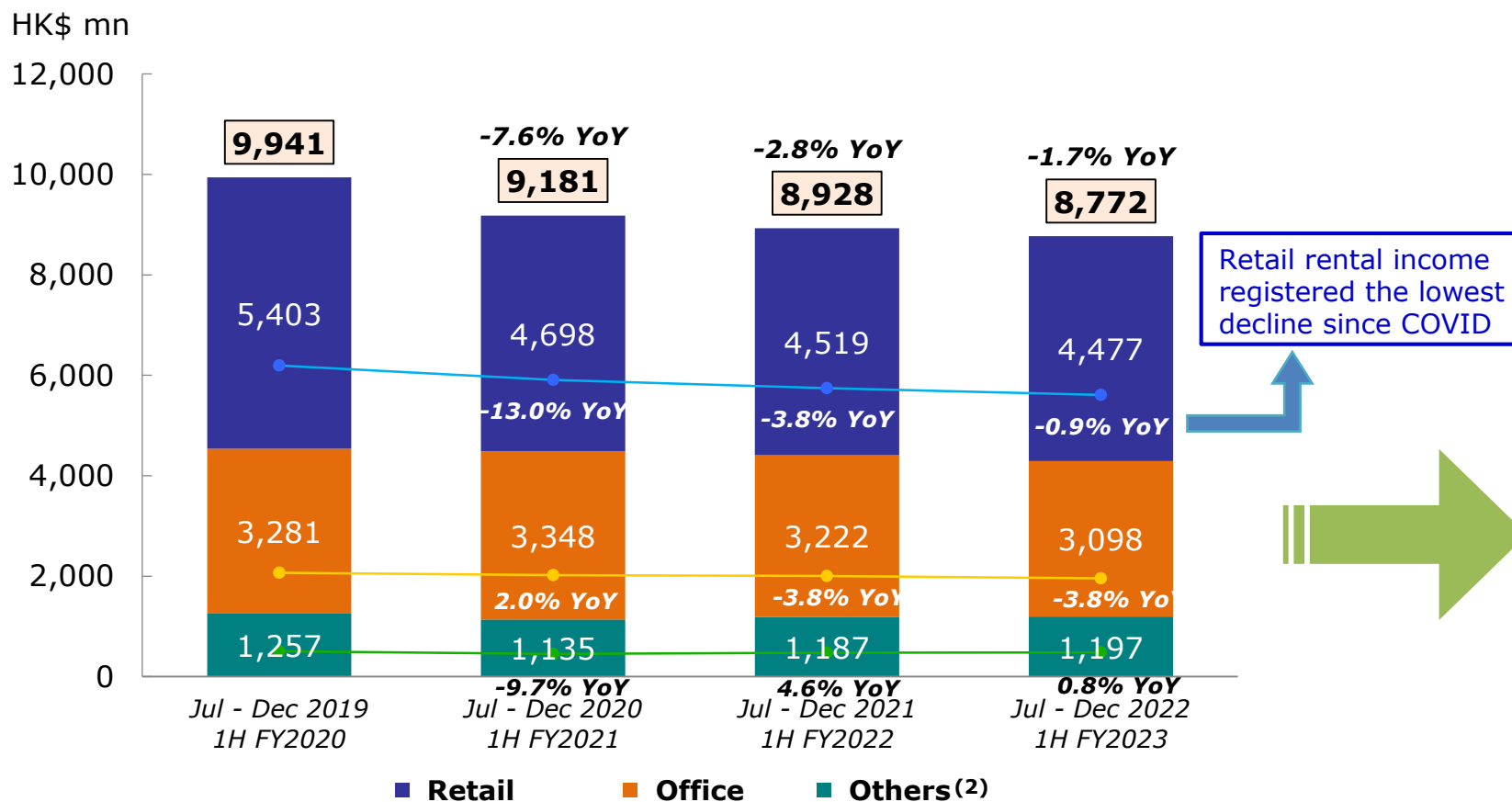
Res. GFA: 552,000 sq.ft.



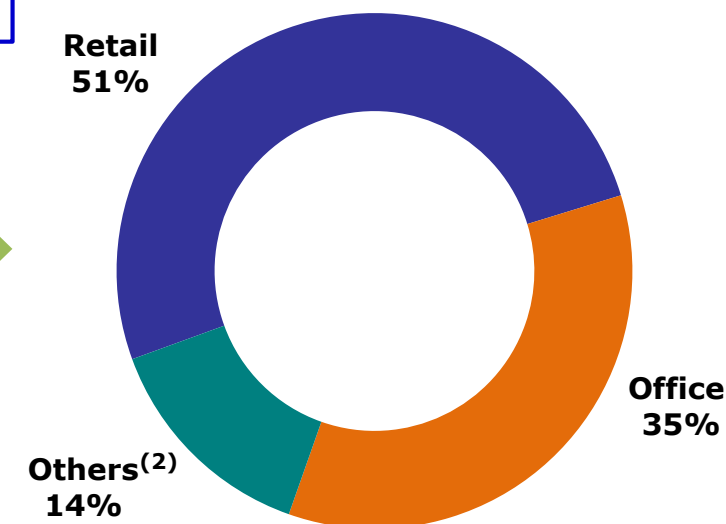
PROPERTY BUSINESS - HONG KONG
PROPERTY INVESTMENT

Rental Income from Diversified Portfolio

Gross Rental Income by Sector in Hong Kong⁽¹⁾



**Overall Average
Occupancy: ~93%**



(1) Including shares of associates and joint ventures

(2) Residential, industrial and car parks

Hong Kong Retail Portfolio of 12mn sq.ft.

- The Group's retail portfolio achieved resilient performance with increased footfall and leasing activities
 - An overall average occupancy of ~96% was recorded in 1H FY2023
- Visitor arrivals have been increasing recently following the full resumption of normal travel between Hong Kong and the mainland
 - Further recovery in footfall at the Group's malls



IFC Mall



V City



New Town Plaza



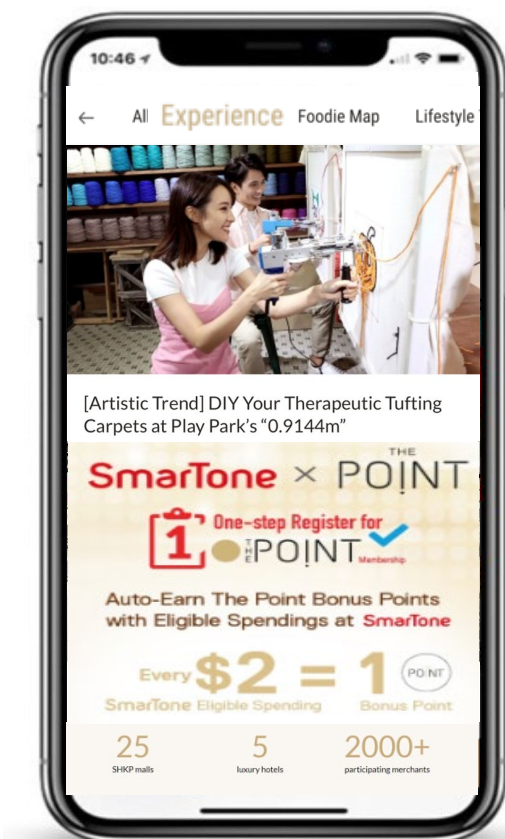
Landmark North

Initiatives to Enhance Shoppers' Experience



- Catered for customers' changing preference with attentive and innovative initiatives
- Continued to upgrade indoor and outdoor space of major malls with green and trendy elements, bringing refreshing ambience to shoppers
- Proactively refined the tenant-and-trade mix to meet the rising demand for special in-store experience

Initiatives to Enhance Shoppers' Experience (Cont'd)



Debut of cross-boundary reward scheme

- Regularly rolled out unique promotional campaigns to boost shopper traffic and tenant sales
- The Point, the Group's online platform and integrated loyalty programme, has further strengthened its collaboration with business partners and tenants
- Rapidly introduced a range of marketing activities to capture business opportunities arising from the border reopening with the mainland

Hong Kong Office Portfolio of 10mn sq.ft.

- Continued to deliver resilient performance against the challenging office leasing market



IFC

Attr. GFA: 1.0mn sq.ft.

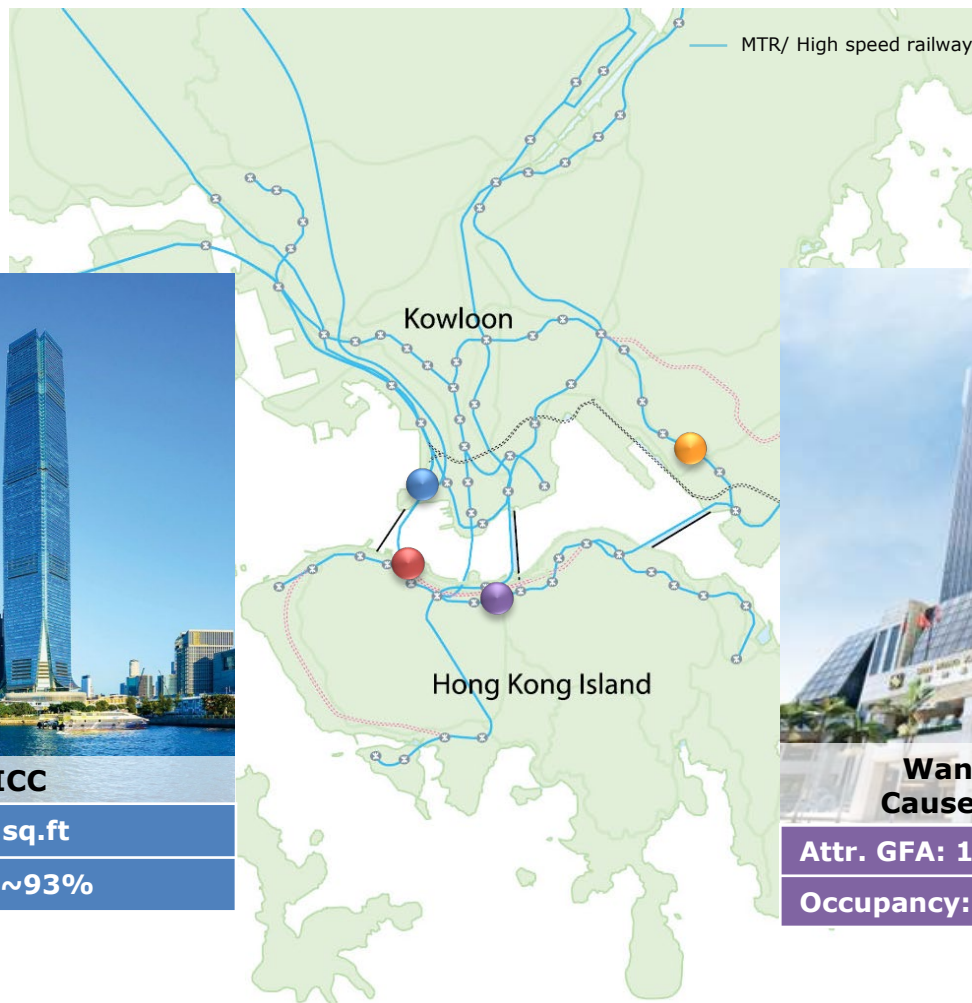
Occupancy: ~99%



ICC

GFA: 2.5mn sq.ft

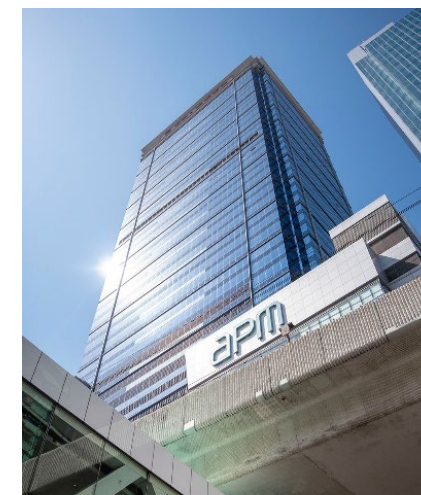
Occupancy: ~93%



**Wan Chai &
Causeway Bay**

Attr. GFA: 1.9mn sq.ft.

Occupancy: ~90%



Millennium City Cluster

Attr. GFA: 1.7mn sq.ft

Occupancy: ~91%

(1) Overall average occupancies during 1H FY2023

Major Projects in the Pipeline

- Apart from pursuing Platinum ratings for LEED, BEAM Plus and WELL, the retail-cum-office project at 98 How Ming Street demonstrates the latest in building technologies and smart facility management system
- The Millennity, two Grade-A office towers
 - Leasing activities are progressing well with tenants starting to move in recently
- Shopping mall is scheduled to open in 2024



**98 How Ming Street,
Kowloon East**

Project Details

Stake:	70.6% ⁽¹⁾
Total Office GFA:	650,000 sq.ft.
Total Retail GFA:	500,000 sq.ft.

(1) Effective interest

Major Projects in the Pipeline (Cont'd)



High Speed Rail West Kowloon Terminus Development

Project Details

Stake: JV

Total GFA: ~3.2mn sq.ft. ⁽¹⁾
Grade-A office space: ~2.6mn sq.ft.
Premium retail space: ~600,000 sq.ft.

- Unparalleled connectivity within Hong Kong and to major mainland cities via railways
- Together with nearby ICC and newly added Artist Square Towers Project, position as a unique commercial hub and wealth management centre in the Greater Bay Area
- Attracted global financial institution UBS as the first anchor tenant
- Slated for completion by late 2025 with superstructure works progressing well

(1) The Group will own ~600,000 sq.ft. of retail space and nearly 1.2mn sq.ft. of office space for long-term investment

Strong Pipeline of Properties for Investment in Hong Kong

Completed Properties
for Investment

End-Dec 2022
attr. GFA:
>32mn sq.ft.



• **YOHO Mall Extension, Yuen Long**

Retail GFA: 107,000 sq.ft.

• **TOWNPLACE WEST KOWLOON**

Total GFA: 374,000 sq.ft.

Completed Properties
for Investment

End-FY2026
attr. GFA:
>37mn sq.ft.
(Estimated)

• **Office-cum-retail project next to MTR Tin Shui Wai Station**

Office GFA: 366,000 sq.ft.

Retail GFA: 490,000 sq.ft.

• **Retail project next to MTR Kwu Tong Station**

Retail GFA: 132,000 sq.ft.

• **Shopping centres near Anderson Rd**

Retail GFA: 110,000 sq.ft.

FY2023

FY2024

FY2025

FY2026

FY2027 or beyond



• **The Millennity, Kowloon East**

Attr. Office GFA: 458,000 sq.ft.



• **98 How Ming Street, Kowloon East**

Attr. Retail GFA: 353,000 sq.ft.

• **Mall at Kai Tak town centre**

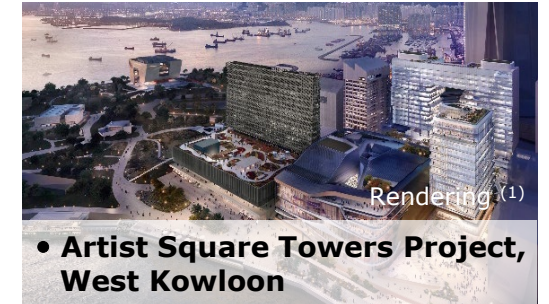
Retail GFA: 240,000 sq.ft.



• **High Speed Rail West Kowloon Terminus Development**

Attr. Office GFA: 1.2 mn sq.ft.

Retail GFA: 603,000 sq.ft.



• **Artist Square Towers Project, West Kowloon**

Office GFA: 672,000 sq.ft.

Retail GFA: 27,000 sq.ft.

(1) Rendering provided by the West Kowloon Cultural District Authority



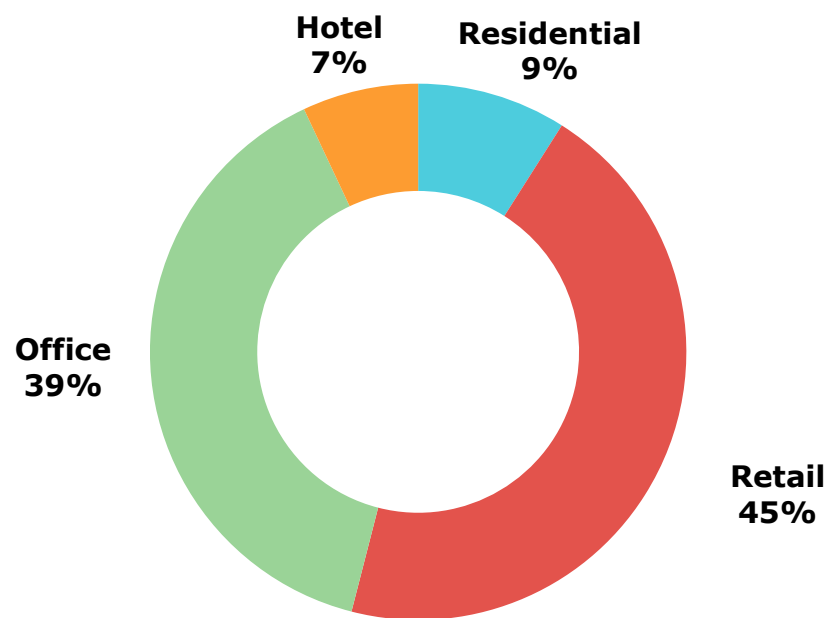
Rendering

**PROPERTY BUSINESS - MAINLAND
LAND BANK**

Land Bank on the Mainland

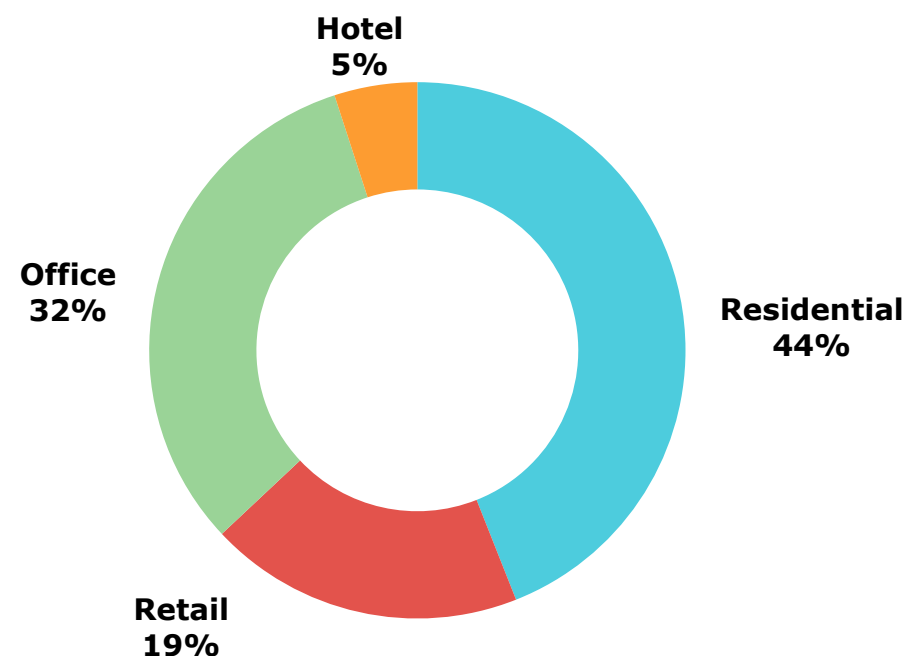
- Total land bank as at 31 December 2022: **68.3mn sq.ft.**⁽¹⁾

Completed Properties⁽²⁾



Total: 20.0mn sq.ft.

Properties under Development



Total: 48.3mn sq.ft.

(1) In attributable terms

(2) An overwhelming majority are for rent/investment



PROPERTY BUSINESS - MAINLAND PROPERTY DEVELOPMENT

Recognized Property Sales on the Mainland

Property Sales ⁽¹⁾	1H FY2023	1H FY2022	Change
Revenue (HK\$ mn)	4,031	1,465	↑ 175.2%
Operating profit (HK\$ mn)	2,166	622	↑ 248.2%

- Major contributors:
 - Oriental Bund Phase 4C in Foshan, Grand Waterfront Phase 3 in Dongguan and Jovo Town Phase 3A in Chengdu
- Satisfactory development margins
- Around HK\$4.5bn⁽²⁾ contracted sales yet to be recognized



Oriental Bund, Foshan

(1) Including shares of associates and joint ventures

(2) As at 31 December 2022

Contracted Sales on the Mainland for 1H FY2023

Project	Location	Stake (%)	Attri. Sales Proceeds (RMB bn)
Hangzhou IFC (Residential Portion)	Hangzhou	JV ⁽¹⁾	1.3
Jovo Town	Chengdu	91	0.8
Oriental Bund	Foshan	50	0.3
Others			0.2
Total			2.6⁽²⁾

(1) The Group has a 45% and 50% interest in River East and River West sites respectively

(2) Contracted sales in terms of HKD amounted to HK\$2.9bn

Upcoming Launches on the Mainland in the Next 10 Months

Project	Location	Stake (%)	Attri. Res. GFA (sq.ft.)
Guangzhou South Station ICC (Residential Portion Phase 1)	Guangzhou	100	478,000
Shanghai Arch Phase 3 (Apartments)	Shanghai	100	438,000
Hangzhou IFC (Residential Portion Phase 2)	Hangzhou	JV ⁽¹⁾	424,000
Oriental Bund (New Batch)	Foshan	50	350,000
The Woodland Phase 5B (New Batch)	Zhongshan	JV	279,000
Total			1,969,000

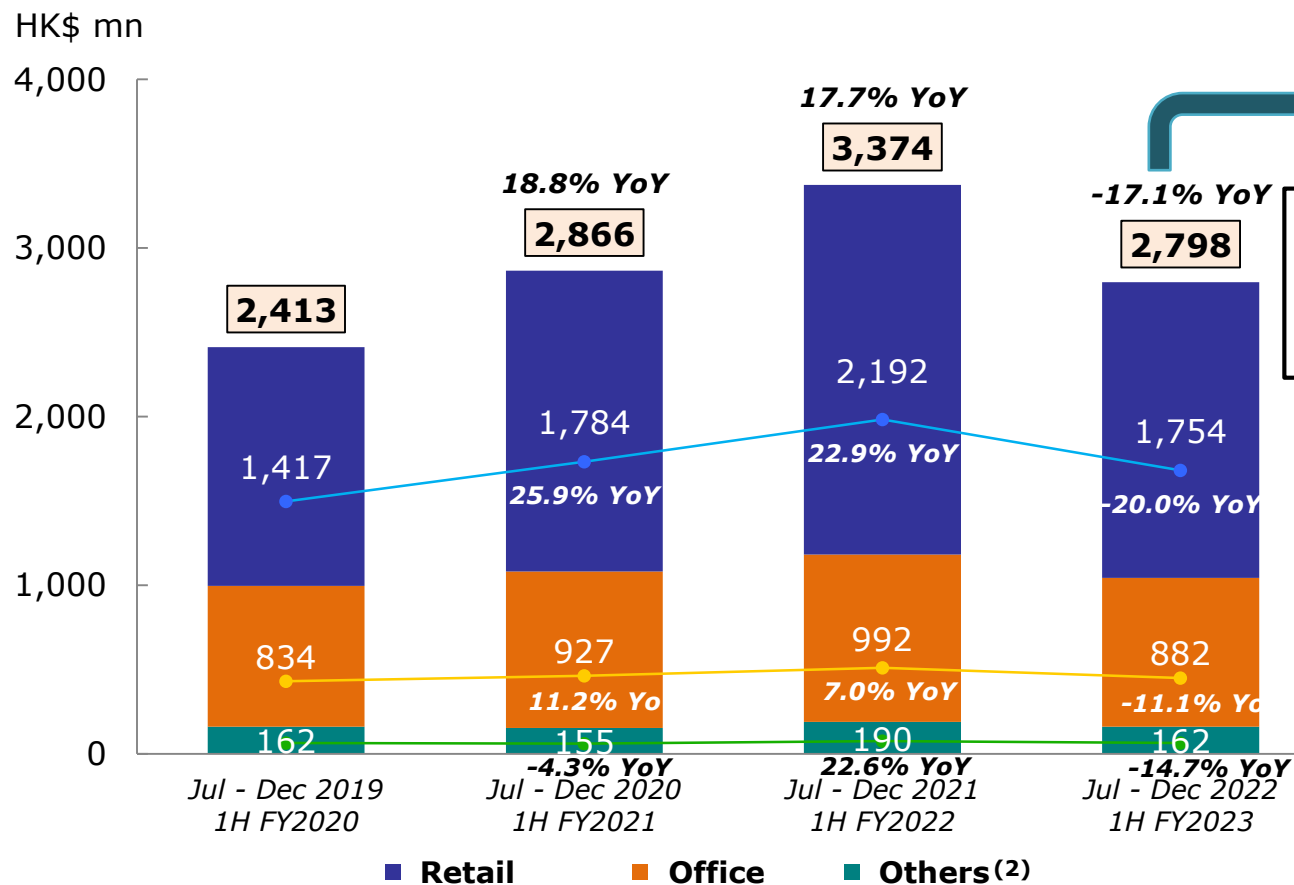
(1) The Group has a 45% and 50% interest in River East and River West sites respectively



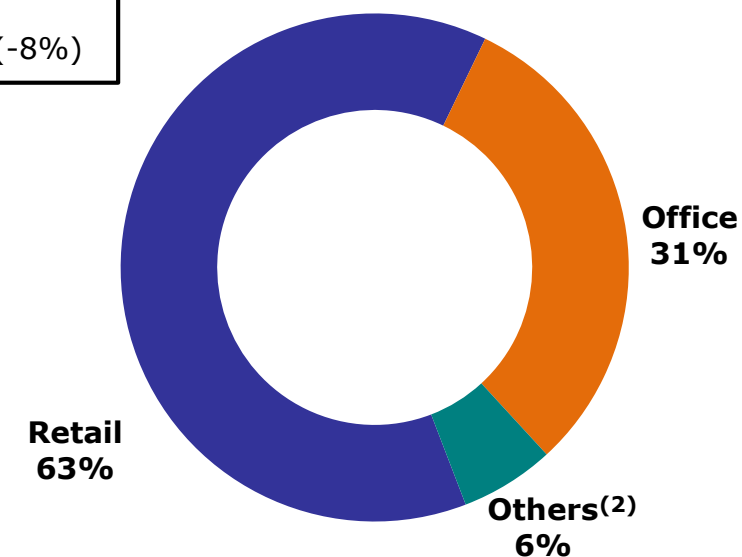
**PROPERTY BUSINESS - MAINLAND
PROPERTY INVESTMENT**

Rental Income from the Mainland

Gross Rental Income by Sector on the Mainland⁽¹⁾



Gross Rental Income	1H FY2023	Change
in HK\$ mn	2,798	↓ 17.1% yoy
in RMB mn	2,507	↓ 9.9% yoy



(1) Including shares of associates and joint ventures

(2) Residential, car parks and others

Existing Mainland Property Investment

– Retail Portfolio

- The Group's retail portfolio on the mainland has recorded further improvement in footfall and tenant sales of late
- Shanghai IFC Mall and IAPM mall in Shanghai and the two joint-venture malls in Guangzhou, Parc Central and IGC sustained high occupancies
- Newly completed Nanjing IFC Mall, sitting atop a metro station with excellent transport connectivity, has some restaurants recently opened, while the remaining portion is scheduled to open in phases from 2023 onwards



Existing Mainland Property Investment

– Office Portfolio



- Complemented by a retail portion within an integrated development, Shanghai IFC and Shanghai ICC both sustained high occupancies amid a challenging leasing environment
- Nanjing One IFC's occupancy remained stable, while the leasing enquiries of Nanjing Two IFC have increased recently
- In Beijing, the upgrade work at Sun Dong An Office Tower, scheduled for completion in the first half of 2023, is set to bring new vibes to tenants

Major Projects in the Pipeline



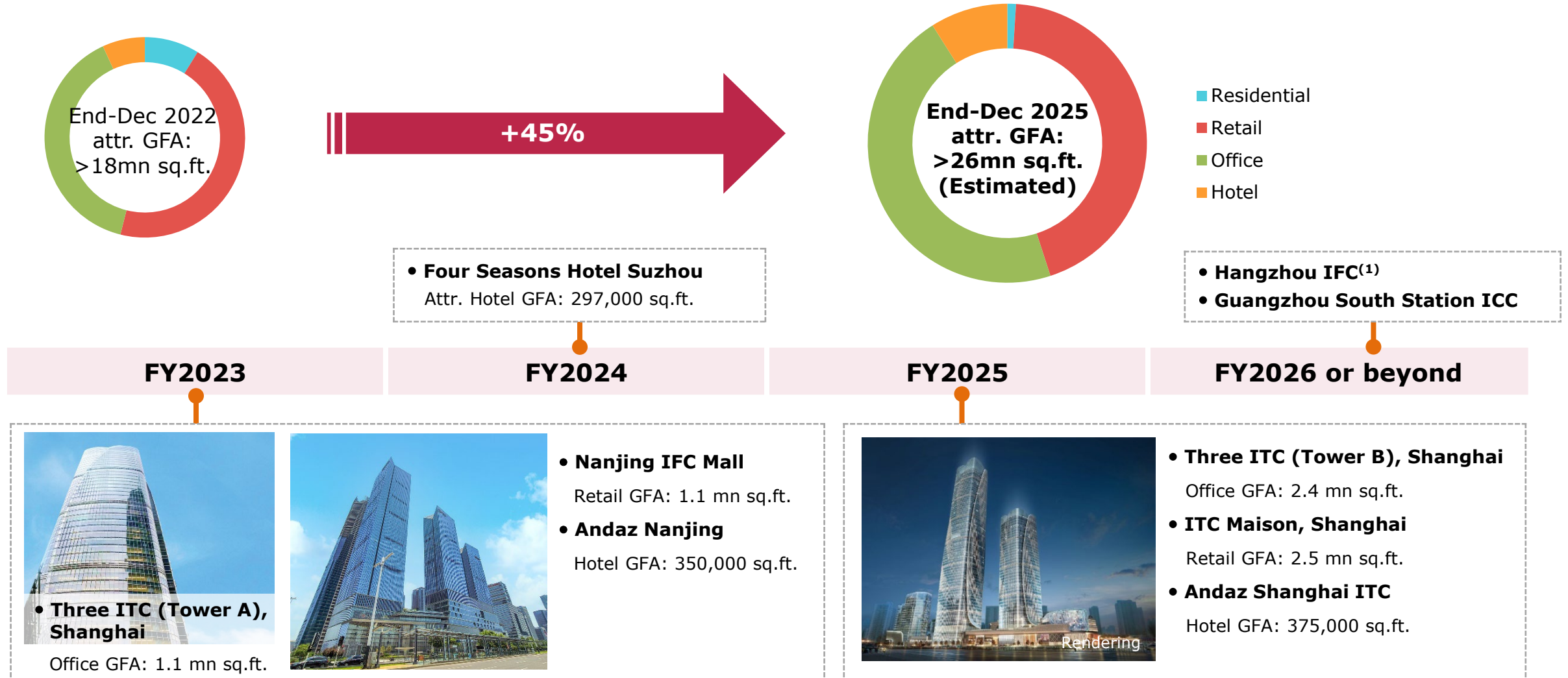
Three ITC
Final Phase of ITC in Shanghai

Project Details

Stake:	100%
ITC total GFA:	7.6mn sq.ft.
Three ITC GFA:	6.7mn sq.ft.
220-metre office Tower A	1.1mn sq. ft. (Completed)
370-metre office Tower B, the flagship mall ITC Maison, the Andaz Shanghai ITC hotel	Expected to be completed by late 2024

- Tower A of Three ITC was completed with tenants moving in since August 2022
- Construction of the remaining parts of Three ITC is underway
- Both office towers of Three ITC are targeted to attain Platinum ratings for LEED and WELL
- Built with innovative concepts and world-class specifications, ITC is set to bring exceptional experience to tenants, visitors and shoppers

Strong Pipeline of Properties for Investment on the Mainland



(1) The Group has a 45% and 50% interest in the River East and River West sites respectively



HOTEL BUSINESS

Hotel Business

Hotel Business ⁽¹⁾ (HK\$ mn)	1H FY2023	1H FY2022	Change
Revenue	1,860	1,811	↑ 2.7%
Operating Profit	-63	-162	n.m.

- Performance of the Group's hotel portfolio in Hong Kong continued to improve
 - There is a marked increase in the occupancy and room rates of the Group's hotels recently
- Occupancy of The Ritz-Carlton Shanghai, Pudong showed notable improvement recently
- Andaz Nanjing at Nanjing IFC and Four Seasons Suzhou are slated to open in the first half and the second half of 2023, respectively



(1) Including shares of associates and joint ventures

Core commercial projects in
Hong Kong and major mainland cities



SUSTAINABILITY

Sustainability Initiatives

- Upgrade existing core commercial projects to meet the highest green building standards



**One IFC, Two IFC
and IFC Mall**



ICC



Sun Hung Kai Centre

- All these signature developments of the Group have recently achieved LEED Platinum ratings under v4.1 Operations & Maintenance: Existing Buildings rating system

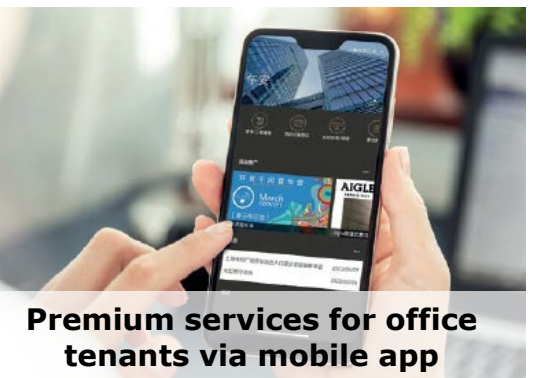
- Promote green construction and the use of innovative technologies



**Collaboration with a local university
on green construction research**



**Application of Building Information Modelling (BIM) and Design
for Manufacturing and Assembly (DfMA)**



**Premium services for office
tenants via mobile app**

Sustainability Initiatives (Cont'd)

- Promote sports for charity and healthy living



- Two large outdoor sports events sponsored by SHKP made a return recently

- Encourage reading and holistic development, especially among youth



- Launched various programmes to promote reading and support career development among youth



MARKET AND BUSINESS PROSPECTS

Market Prospects

Hong Kong

- The local economy is expected to recover in 2023 with the normalization of economic activities after the full resumption of normal travel with the mainland

Primary residential market

- The full resumption of normal travel with the mainland and broader economic revival will support overall market sentiment
- The relatively stable local mortgage interest rate and broader economic revival will help strengthen homebuyers' confidence

Retail leasing market

- The return of tourists is a key impetus to the retail market
- Normalization of economic activities and healthy labour market will further boost domestic consumption
- Leasing momentum and activities are likely to step up with some expansion demand from retailers

Grade-A office leasing market

- Travel normalization will further propel business confidence
- Pent-up demand and expansion or upgrading activities will support the leasing market
- Softer external economic growth and higher vacancy in some districts may continue to weigh on rents

Market Prospects (Cont'd)

Key Cities on the Mainland

- With economic growth being the top priority, pro-growth policies and other stimuli will be expedited to help restore market confidence and drive a stronger economic recovery

Primary residential market

- Various measures to ensure stable development of property market will help restore market and buyers' confidence
- Transactions are likely to pick up amid economic recovery

Retail leasing market

- The Government's pledge to prioritize consumption expansion will give a boost to local spending
- Improved market sentiment and revival of domestic consumption will support the leasing market with some expansion plans from selected trades

Grade-A office leasing market

- Operating environment will improve amid the pro-growth policies
- Local companies are likely to resume their expansion activities with more site inspections taking place, while MNCs may take time to conclude their leasing decisions amid slowing global economic growth

Business Prospects

Short-term

- Following the full border reopening and normalization of economic activities, the Group's rental portfolio and hotel operations, both in Hong Kong and on the mainland, have shown further improvement
 - Well prepares to seek opportunities amid improving operating environments and continues to strengthen the competitive edge of its property portfolio
 - Continues to leverage on both digital and traditional channels to increase customer engagement so as to respond swiftly to customers' needs and preference
- With ample saleable resources with diversified product mix (from mass- to high-end), the Group is ready to launch different residential properties for sale amid improving property market sentiment
 - Second phase of NOVO LAND is about to launch
 - Another 6 residential projects with total 2.6 million sq. ft. of GFA are scheduled to launch in the coming 10 months

Business Prospects (Cont'd)

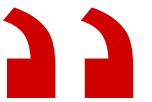
Medium- to Long-term

- The Group is confident about the prospects of the mainland and Hong Kong and will continue to grasp investment opportunities with good potential, contributing to Hong Kong and the Country
- The Group's footprint will be further expanded through the development of new landmark integrated projects in Hong Kong as well as major cities on the mainland
 - High Speed Rail West Kowloon Terminus Development in Hong Kong, ITC in Shanghai, Hangzhou IFC and Guangzhou South Station ICC
- The Group will continue to strengthen its property development business with selective land acquisitions when opportunities arise, while strictly observe the prudent financial discipline
 - Continue to be proactive to convert farmland into buildable sites in Hong Kong

Creating Long-term Value for All Stakeholders



Following a three-year fight against the pandemic, Hong Kong is on the path to normalcy with the long-awaited border reopening. With its distinctive advantages under 'One Country, Two Systems', Hong Kong enjoys strong support of the motherland and is closely connected to the world. While Hong Kong is starting a new chapter towards governance and prosperity, the Group has a firm belief that benefitting from these advantages as well as its sound common law system, low tax regime and world-standard business practices, the city will be able to boost its core competitiveness and reinforce its status as an international financial, transportation and trade centre Supported by its seasoned management team, strong financial position, well-trusted brand, and time-tested business strategy, the Group will continue to grasp development opportunities with good potential, and contribute to Hong Kong's further efforts to shine on the international stage and the country's long-term prosperity as always.



Kwok Ping-luen, Raymond
Chairman & Managing Director

23 February 2023

(Extracted from Chairman's Statement, FY2023 Interim Results)



Sun Hung Kai Properties

Building Homes with Heart

Thank You!



Appendix: Environmental Targets



Energy Management

- To reduce the electricity consumption intensity of its EOC-monitored buildings⁽¹⁾ by 13% by FY2030, against FY2020 as baseline
- Accomplished five-year energy reduction target by FY2020



Greenhouse Gas Emissions Management

- To reduce the Scope 1 and 2 greenhouse gas (GHG) emissions intensity of its EOC-monitored buildings⁽¹⁾ by 25% by FY2030, against FY2020 as baseline



Water Management

- To reduce the water use intensity of its EOC-monitored buildings⁽¹⁾ by 5% by FY2030, against FY2020 as baseline



Waste Management

- To avoid sending construction waste directly to landfills
- To achieve an annual diversion rate of at least 70% of construction waste in Hong Kong construction projects within our reporting scope to minimize construction waste that needs to be sent to landfills



Green Buildings

- The Group aims to attain LEED Gold or Platinum ratings for core commercial projects under development

(1) EOC-monitored buildings are mainly SHKP's major investment properties in Hong Kong and monitored by the Energy Optimization Committee (EOC)



Appendix: Sustainability Performance

Constituent of the Hang Seng Corporate Sustainability Index and Hang Seng (Mainland and Hong Kong) Corporate Sustainability Index with an 'AAA' rating



Hang Seng Corporate
Sustainability Index
Series Member 2022-2023



Top five rankings



Hong Kong
Business
Sustainability Index 2021
香港企業可持續發展指數 2021



Greater Bay Area
Business
Sustainability Index 2021
粵港澳大灣區企業可持續發展指數2021



Greater China Business
Sustainability Index 2021
大中華企業可持續發展指數2021

A constituent since 2018



FTSE4Good

Sustainability Report 2021/22
Available Online



For the 21st consecutive year



As of 2022, SHKP received
an MSCI ESG Rating of A

MSCI
ESG RATINGS



CCC B BB BBB A AA AAA

(1) Please refer to MSCI disclaimer: <https://www.shkp.com/html/sustainable-development/mscidisclaimer.html>

