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PRICING SUPPLEMENT DATED 6 MAY 2020

SUN HUNG KAI PROPERTIES (CAPITAL MARKET) LIMITED
(incorporated with limited liability in the Cayman Islands)
as Issuer

and

SUN HUNG KAI PROPERTIES LIMITED
(incorporated with limited liability in Hong Kong)
as Guarantor

PROGRAMME FOR THE ISSUANCE OF DEBT INSTRUMENTS

Sun Hung Kai Properties (Capital Market) Limited
Issue of U.S.\$500,000,000 2.75 per cent. Guaranteed Instruments due 2030
(the “Instruments” or the “Notes”)
Guaranteed by
Sun Hung Kai Properties Limited

This document constitutes the Pricing Supplement relating to the issue of Instruments described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Information Memorandum dated 8 November 2019 (the “**Information Memorandum**”). This Pricing Supplement (including the Schedule) contains the final terms of the Instruments and must be read in conjunction with such Information Memorandum as so supplemented.

This document includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**HKSE Rules**”) for the purpose of giving information with regard to the Issuer and the Guarantor. Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

This document is for distribution to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (together, “**Professional Investors**”) only. **Investors should not purchase the Instruments in the primary or secondary markets unless they are Professional Investors and understand the risks involved. The Instruments are only suitable for Professional Investors.**

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1. (i) Issuer: Sun Hung Kai Properties (Capital Market) Limited (LEI: 222100WJDEUAP4JLW867)
- (ii) Guarantor: Sun Hung Kai Properties Limited
2. (i) Series Number: SHK-123
- (ii) Tranche Number: 1
- (iii) Date on which the Instruments will be consolidated and form a single Series: Not Applicable
3. Specified Currency or Currencies: United States Dollars (U.S.\$)
4. Aggregate Nominal Amount:
 - (i) Series: U.S.\$500,000,000
 - (ii) Tranche: U.S.\$500,000,000
5. (i) Issue Price: 99.376 per cent. of the Aggregate Nominal Amount
- (ii) Net proceeds: Approximately U.S.\$496,000,000
6. (a) Specified Denominations: U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof
- (b) Calculation Amount: U.S.\$1,000
7. (i) Issue Date: 13 May 2020
- (ii) Interest Commencement Date: Issue Date
8. Maturity Date: 13 May 2030
9. Interest Basis: 2.75 per cent. Fixed Rate (further particulars specified below)
10. Redemption/Payment Basis: Redemption at par
11. Change of Interest or Redemption/Payment Basis: Not Applicable
12. Optional Early Redemption (Call)/(Put): Issuer Call (further particulars specified below)
13. Date Board approval for issuance of Instruments and Guarantee obtained: Issuer board approval: 2 March 2020

Guarantor board approvals: 2 March 2020

- | | | |
|-----|---------------------------------|---|
| 14. | Listing: | Hong Kong, with an expected listing date of 14 May 2020 |
| 15. | Method of distribution: | Syndicated |
| 16. | Use of Proceeds: | The net proceeds of the issue of the Instruments will be lent to one or more subsidiaries of the Guarantor for general corporate purposes of the SHKP Group |
| 17. | Private Bank Rebate/Commission: | Not Applicable |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- | | | |
|-----|---|---|
| 18. | Fixed Rate Instrument Provisions | Applicable |
| | (i) Rate(s) of Interest: | 2.75 per cent. Per annum payable in arrear on each Interest Payment Date |
| | (ii) Interest Payment Date(s): | 13 May and 13 November in each year up to and including the Maturity Date |
| | (iii) Fixed Coupon Amount(s) for Instruments in definitive form (and in relation to Instruments in global form see Conditions): | U.S.\$13.75 per Calculation Amount |
| | (iv) Broken Amount(s) for Instruments in definitive form (and in relation to Instruments in global form see Conditions): | Not Applicable |
| | (v) Day Count Fraction: | 30/360 |
| | (vi) Other terms relating to the method of calculating interest for Fixed Rate Instruments: | Not Applicable |
| 19. | Floating Rate Instrument Provisions | Not Applicable |
| 20. | Non-Interest Bearing Instrument Provisions | Not Applicable |

PROVISIONS RELATING TO REDEMPTION

- | | | |
|-----|--|--|
| 21. | Optional Early Redemption Call | Applicable |
| | (i) Call Option Date(s)/Call Option Period | At any date on or after 13 February 2030 (three months prior to the Maturity Date) |

(ii)	Early Redemption Amount (Call) of each Instrument:	U.S.\$1,000 per Calculation Amount
(iii)	Series redeemable in part:	Not Applicable
(iv)	Notice period (if other than as set out in the Conditions):	Not Applicable
22.	Optional Early Redemption (Put)	Not Applicable
23.	Maturity Redemption Amount of each Instrument	U.S.\$1,000 per Calculation Amount
24.	Early Redemption Amount	
(i)	Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Condition 6.02):	As set out in Condition 6.02
(ii)	Date after which changes in law, etc. entitle Issuer to redeem:	Issue Date
25.	Events of Default (Condition 7.01)	
(i)	Early Termination Amount	As set out in Condition 7.02
(ii)	Any additional (or modifications to) Events of Default:	Not Applicable

GENERAL PROVISIONS APPLICABLE TO THE INSTRUMENTS

26.	Form of Instruments:	Registered Instruments Global Unrestricted Instruments (U.S.\$500,000,000 aggregate nominal amount registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg)
27.	Additional Financial Centre(s) or other special provisions relating to Payment Dates:	London, New York and Hong Kong
28.	Talons for future Coupons or Receipts to be attached to Definitive Instruments (and dates on which such Talons mature):	No

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|-----|---|----------------|
| 29. | Details relating to Partly Paid Instruments: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Instruments and interest due on late payment: | Not Applicable |
| 30. | Details relating to Instalment Instruments: amount of each instalment, date on which each payment is to be made: | Not Applicable |
| 31. | Redenomination, renominatisation and reconventioning provisions: | Not Applicable |
| 32. | Consolidation provisions: | Not Applicable |
| 33. | Other terms or special conditions: | Not Applicable |

DISTRIBUTION

- | | | |
|-----|--|--|
| 34. | (i) If syndicated, names of Joint Lead Managers: | The Hongkong and Shanghai Banking Corporation Limited

Bank of China (Hong Kong) Limited

BOCI Asia Limited

Citigroup Global Markets Limited

DBS Bank Ltd. |
| | (ii) Stabilisation Manager (if any): | The Hongkong and Shanghai Banking Corporation Limited |
| 35. | If non-syndicated, name of Dealer: | Not Applicable |
| 36. | U.S. Selling Restrictions: | Regulation S Compliance Category 2; TEFRA not applicable |
| 37. | Prohibition of Sales to European Economic Area Retail Investors: | Not Applicable |
| 38. | Additional selling restrictions: | Applicable – refer to the Schedule to this Pricing Supplement for further details |

OPERATIONAL INFORMATION

- | | | |
|-----|-----------------------------------|----------------|
| 39. | ISIN Code: | XS2130065258 |
| 40. | Common Code: | 213006525 |
| 41. | Any clearing system(s) other than | Not Applicable |

Euroclear and Clearstream,
Luxembourg and the relevant
identification number(s):

- | | | |
|-----|--------------------------------------|--------------------------|
| 42. | Delivery: | Delivery against payment |
| 43. | Issue and Paying Agent | HSBC Bank plc |
| 44. | Additional Paying Agent(s) (if any): | Not Applicable |
| 45. | Registrar: | HSBC Bank plc |

PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required to list the issue of Instruments described herein pursuant to the U.S.\$7,000,000,000 Debt Issuance Programme of the Issuer guaranteed by Sun Hung Kai Properties Limited.

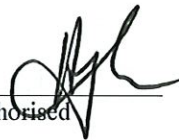
MATERIAL ADVERSE CHANGE STATEMENT

There has been no significant change in the financial or trading position of the Issuer or of the SHKP Group since 31 December 2019 and no material adverse change in the financial position or prospects of the Issuer or of the SHKP Group since 31 December 2019.

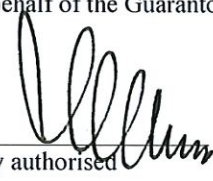
RESPONSIBILITY

Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By: 
Duly authorised

Signed on behalf of the Guarantor:

By: 
Duly authorised

SCHEDULE

The Information Memorandum is hereby supplemented with the following information, which shall be deemed to be incorporated in, and form part of, the Information Memorandum. Save as otherwise defined herein, terms defined in the Information Memorandum have the same meaning when used in this Schedule.

CAPITALISATION OF THE GUARANTOR

The following table sets out the consolidated capitalisation and indebtedness of the Guarantor as at 31 December 2019, which has been extracted without material adjustment from the unaudited consolidated financial statements of the Guarantor as of the same date, and as adjusted to give effect to the issue of the Notes but before the application of the proceeds therefrom:

	As at 31 December 2019			
	<i>Actual</i>		<i>As Adjusted</i>	
	<i>(HK\$ million)</i>	<i>(U.S.\$ million)⁽⁴⁾</i>	<i>(HK\$ million)</i>	<i>(U.S.\$ million)⁽⁴⁾</i>
Short term debt				
Bank and other borrowings.....	11,047	1,416	11,047	1,416
	11,047	1,416	11,047	1,416
Long term debt				
Bank and other borrowings.....	112,645	14,442	112,645	14,442
Notes to be issued	-	-	3,900	500
Total loan capital⁽¹⁾⁽²⁾⁽³⁾.....	123,692	15,858	127,592	16,358
Equity				
Share capital	70,703	9,064	70,703	9,064
Reserves.....	499,054	63,981	499,054	63,981
Perpetual capital securities	3,813	489	3,813	489
Non-controlling interests	5,521	708	5,521	708
Total equity⁽³⁾.....	579,091	74,242	579,091	74,242
Total capitalisation.....	702,783	90,100	706,683	90,600

Notes:

- (1) On 21 January 2020, the Issuer issued U.S.\$500 million 2.875 per cent. notes due 2030 under the Programme, all of which remains outstanding.
- (2) On 29 January 2020, the Issuer issued U.S.\$300 million 2.875 per cent. notes due 2030 under the Programme, all of which remains outstanding.
- (3) The figures for total loan capital and equity are extracted from the unaudited consolidated financial statements of the SHKP Group for the six months ended 31 December 2019.

(4) Based on the foreign exchange rate of U.S.\$1.00 = HK\$7.80.

Other than as disclosed above, there has been no material change in the consolidated capitalisation and indebtedness of the SHKP Group since 31 December 2019.

RISK FACTORS – RISKS RELATING TO THE SHKP GROUP

The global economy is facing significant uncertainties and disruptions caused by novel coronavirus (COVID-19).

SHKP Group's business is subject to global market fluctuations and general economic conditions in Hong Kong, the PRC and the global economy. Any prolonged downturn, recession or other condition that adversely affects SHKP Group's business and economic environment, including the ongoing COVID-19 pandemic, could materially and adversely impact its business, financial condition and results of operations.

The World Health Organisation declared the COVID-19 to be a global epidemic on 11 March 2020. The sudden and rapid spread of COVID-19 worldwide is expected to put pressure on most economies due to disruption of business activities and weakened sentiment in the consumption and tourism related sectors. The recent plunge in global oil prices will add to the woes resulting from the pandemic, severely impacting the economies of most countries which are already on a slow or negative growth trajectory.

The ongoing COVID-19 pandemic in different parts of the world, including the countries in which SHKP Group operates, has a significant adverse impact on most economies due to the community standstill, disruption of business activities, and weakened sentiment in the consumption and tourism related sectors. As the situation of the highly infectious disease is still evolving, the heightened uncertainties surrounding the pandemic may pose a significant negative impact on SHKP Group's businesses, financial conditions, results of operations or growth prospects. There can be no assurance that there will not be another significant global outbreak of a severe communicable disease, and if such an outbreak were to occur, it may have an adverse impact on the business, financial condition and results of operations of SHKP Group.

Governments and central banks worldwide have introduced or are planning to introduce fiscal and monetary stimulus measures including tax cuts, direct subsidies, rates cut, bond repurchase programmes and suspension or relaxation of prudential bank capital requirements. These measures aim to contain the economic impact of the pandemic, stabilise the markets and provide liquidity easing to the markets. There is no assurance that such measures will be introduced in time or will be sufficient or effective in delivering their policy objectives. There is no assurance that these measures will be successful in containing the economic impact of the pandemic or stabilising the markets.

As a result, the global economy is facing significant uncertainties and the global financial markets are experiencing significant volatilities. Such volatilities may negatively impact the share prices of the entities in which SHKP Group has equity investments in. Any potential economic slowdowns may also negatively affect the purchasing powers of potential property purchasers, which may lead to a decline in the general demand for SHKP Group's properties and erosion of the selling prices of such properties. Moreover, governments may also impose various monetary and regulatory policies to combat potential economic slowdowns. Such policies may include measures affecting the property market. If the global financial markets continue to experience volatility or if the Hong Kong or the Mainland economy continues to slow down, SHKP Group's business, financial condition and outlook may be adversely affected.

In particular, property sales in Hong Kong and on the Mainland have slowed due to the COVID-19 pandemic, though end-user demand has remained for small- to medium-sized units. The COVID-19 pandemic has also impacted both domestic and tourist spending, with the traffic flow and tenant sales of SHKP Group's shopping malls in Hong Kong and on the Mainland have been under pressure.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE GUARANTOR AS AT AND FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

On 19 March 2020, the Guarantor has published its unaudited consolidated interim financial statements¹ as at and for the six months ended 31 December 2019 (the "**FY2020 Interim Financial Statements**"), which are contained in the Guarantor's interim report for the period available on www.hkexnews.com. The FY2020 Interim Financial Statements shall be deemed to be incorporated in, and to form part of the Information Memorandum.

SHKP Group's underlying profit attributable to the Guarantor's shareholders for the six months ended 31 December 2019, excluding the net effect of changes in the valuation of investment properties, amounted to HK\$13,422 million, compared to HK\$13,733 million for the corresponding period in 2018.

Reported profit and reported earnings per share attributable to the Guarantor's shareholders for the six months ended 31 December 2019 were HK\$15,419 million and HK\$5.32 respectively, compared to HK\$20,469 million and HK\$7.07 for the corresponding period in 2018. The reported profit for the period included an increase in fair value of investment properties net of deferred taxation and non-controlling interests of HK\$2,046 million, compared to HK\$6,938 million for the six months ended 31 December 2018.

BUSINESS OF THE SHKP GROUP AS AT AND FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

Property Sales and Rental Income

Property Sales

Revenue from property sales for the six months ended 31 December 2019, including revenue from joint-venture projects, was HK\$16,208 million. Profit generated from property sales for the six months ended 31 December 2019 was HK\$6,850 million, as compared to HK\$6,694 million for the corresponding period in 2018. Contracted sales during the period reached an approximate HK\$21,600 million in attributable terms.

Rental Income

Gross rental income, including contributions from joint-venture projects, increased by 3 per cent. year-on-year to HK\$12,713 million and net rental income increased by 2 per cent. year-on-year to HK\$9,669 million for the six months ended 31 December 2019. The increase was mainly driven by new rental properties, both in Hong Kong and on the Mainland.

The operating environment in Hong Kong, in particular retail leasing and hotel operations, has weakened since mid-2019 impacted by local social incidents. In the short term, it is expected to be further impacted by the COVID-19 pandemic in early 2020.

Property Business – Hong Kong

Land Bank

In November 2019, SHKP Group acquired through a government tender a commercial site on and adjoining the High Speed Rail West Kowloon Terminus with a developable gross floor area of 3.16 million square feet (the "**Land**"). Situated in a strategic location in West Kowloon, the site is planned to be developed into an office-cum-retail landmark of international standards. The new development is expected to create synergy with SHKP

¹ Any unaudited financial statements should not be relied upon to provide the same quality of information associated with information that has been subject to an audit nor taken as an indication of the expected financial condition and results of operations of SHKP Group's for the relevant full financial year. Potential investors must exercise caution when using such data to evaluate SHKP Group's financial condition, results of operations and results.

Group’s neighbouring ICC office, two five-star hotels and the West Kowloon Cultural District, an international cultural centre under development.

SHKP Group intends to invite long-term strategic investors to participate in the development of this site. In mid-December 2019, Adolfa Limited, Bertana Limited and Cyric Limited, each of which is a company incorporated in the BVI with limited liability (together, the “**Kwok Family Companies**”) together acquired a 25 per cent. stake in the office portion of the proposed development and is now a long-term strategic investor in the project. It is the intention of SHKP Group to maintain a 100 per cent. ownership in the retail portion of the project.

Together with the above acquisition, SHKP Group’s land bank in Hong Kong amounted to approximately 58.9 million square feet of attributable gross floor area as at 31 December 2019. This consists of about 25.8 million square feet of properties under development for various usages and about 33.1 million square feet of completed properties, an overwhelming majority of which are for long-term investment. SHKP Group expects to continue to adhere to its land bank replenishment policy, including active land use conversions of its agricultural land.

On 29 April 2020, SHKP Group entered into a sale and purchase agreement to sell a 25 per cent. interest in Vivid Synergy Limited, a company incorporated in the BVI with limited liability and currently a 75 per cent. owned subsidiary of SHKP Group, to Fuyue Investment Management Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Ping An Life Insurance Company of China, Ltd. Vivid Synergy Limited, through its direct and indirect interests in and contractual arrangements with various companies, effectively enjoys all economic rights and benefits, and is effectively responsible for all obligations and liabilities, in relation to the ownership, development and operation of only the office towers to be erected on the Land and to be owned by Max Century (H.K.) Limited, a company incorporated in Hong Kong with limited liability and a subsidiary of the SHKP Group, which is also one of the two registered owners of the Land.

Property Development

Due to the social incidents in Hong Kong, Hong Kong’s residential market has been in a mode of correction since mid-2019 with softening prices and reductions in the volume of transactions. Property sales have further slowed following the outbreak of COVID-19, though end-user demand has remained for small- to medium-sized units.

During the six months ended 31 December 2019, SHKP Group’s contracted sales amounted to about HK\$17,900 million in attributable terms in Hong Kong. Major contributors included residential developments Cullinan West III in West Kowloon, Crown of St. Barths in Ma On Shan and PARK YOHO Napoli in Yuen Long. Wetland Seasons Park near Hong Kong Wetland Park was put on the market in early January 2020 and the first phase has nearly sold out.

During the six months ended 31 December 2019, five projects in Hong Kong comprising a total of about 1.8 million square feet of attributable gross floor area were completed, of which three residential projects comprising about 1.4 million square feet were ready for handover. In the first half of 2020, an approximate 1.7 million square feet of attributable gross floor area is scheduled for completion, including about 1.6 million square feet of residential premises.

The table below shows the details of the new property development projects of SHKP Group in Hong Kong completed during the six months ended 31 December 2019.

Project	Location	Usage	SHKP Group’s interest (%)	Attributable gross floor area (sq. ft.)
Wings at Sea	1 Lohas Park Road, Tseung Kwan O	Residential	JV	693,000

PARK YOHO18 Castle Peak Road, Tam Mi, Yuen Napoli Long	Residential	100	543,000
ALVA Hotel by1 Yuen Hong Street, Sha Tin Royal	Hotel	100	344,000
Phase 1 of 18 Stubbs Road, Mid-levels East Central Peak Development	Residential	100	122,000
Citygate 16 Tat Tung Road, Tung Chung (Extension)	Shopping Centre	20	68,000
Total			1,770,000

Property Investment

The overall leasing market in Hong Kong has been impacted by social incidents in Hong Kong, uncertainties over Sino-US trade conflicts and sluggish domestic economic growth. The social incidents, in particular, have created challenge for the retail sector in Hong Kong with downward pressure on retail rental resulting from decreased tenants' sales, especially for shops and malls in tourist areas. While the agreement of the first-phase Sino-US trade deal in January this year should help to improve overall business sentiment, the COVID-19 pandemic has further hampered both domestic and tourist spending.

For the six months ended 31 December 2019, the overall occupancy of SHKP Group's diversified property investment portfolio remained at around 93 per cent. Inclusive of contributions from joint-venture projects, SHKP Group's gross rental income from Hong Kong registered a slower increase of 3 per cent. to HK\$9,941 million.

During the six months ended 31 December 2019, SHKP Group's retail portfolio was affected to a degree by local social incidents in Hong Kong. Despite short-term pressure on renewals and new leases, the retail portfolio achieved healthy occupancy. SHKP Group endeavours to maintain the smooth operation of its malls and boost consumer spending. Measures were taken to help tenants tide over difficult time, including the provision of immediate maintenance support to restore business operations, and the implementation of multifaceted strategies of spending boost and relief measures on top of traditional marketing campaigns. The Point by SHKP under the SHKP Malls App, SHKP Group's integrated loyalty programme, has been well received since its launch. Encouraging customers to spend and shop more in SHKP Group's malls under its extensive network, the programme has put together offerings and helped benefit SHKP Group's tenants and its diverse businesses, including hotels. In addition, relief initiatives were offered to tenants in the affected malls in light of unforeseen closure amid local social incidents in the latter part of 2019. Owing to the recent COVID-19 pandemic, SHKP Group also granted rent concessions in February and March 2020 to a majority of tenants in its shopping malls, particularly food and beverage operators.

During the six months ended 31 December 2019, SHKP Group's property investment portfolio in Hong Kong strengthened with the addition of two shopping malls. The nearly fully let 300,000-square-foot V Walk atop MTR Nam Cheong Station opened in July 2019. On Hong Kong Island, Harbour North, the retail component of SHKP Group's residential development Victoria Harbour in North Point, is opening in stages, with anchor tenants, including YATA, a Japanese lifestyle supermarket, having already held their grand openings. Over the medium term, the completion of an office-cum-retail project at 98 How Ming Street in Kwun Tong is expected

to further scale up SHKP Group's property investment portfolio in the territory, comprising about 650,000 square feet of premium grade-A office space in two towers and a 500,000-square-foot shopping mall.

SHKP Group successfully acquired in November 2019 a strategic landmark commercial site in West Kowloon through government tender. Sitting on the High Speed Rail West Kowloon Terminus and adjoining three existing railway lines in Hong Kong, the project is located within a transportation hub offering convenient access to different parts of Hong Kong and other major cities on the Mainland. Under the existing plan, this 3.16-million-square-foot transit-oriented development is expected to comprise 2.8 million square feet of quality grade-A offices and about 349,000 square feet of retail space. Upon its full completion, SHKP Group's property investment portfolio, especially in West Kowloon, is expected to be further expanded.

Property Business – Mainland China

Land Bank

During the six months ended 31 December 2019, SHKP Group added a joint-venture project in Qianjiang New City CBD in Hangzhou with two neighbouring riverside sites. The two sites are expected to be jointly developed into an integrated landmark with a total above-ground gross floor area of approximately nine million square feet, providing premium offices and retail areas as well as residential and hotel space. SHKP Group's attributable gross floor area in the project amounts to about 4.5 million square feet.

SHKP Group's total land bank on the Mainland stood at an attributable 69.7 million square feet as at 31 December 2019. About 55.1 million square feet were properties under development, over 50 per cent. of which is expected to be developed into quality residences for sale. An overwhelming majority of the remaining 14.6 million square feet are completed properties for investment purpose.

Property Development

Home sales activities have recently been severely disrupted by the COVID-19 pandemic amid corresponding quarantine and traffic-flow control measures.

SHKP Group recorded attributable contracted sales of about RMB3,300 million on the Mainland during the six months ended 31 December 2019. Major contributions came from the wholly-owned Park Royale in Guangzhou and several joint-venture projects, including TODTOWN in Shanghai, Oriental Bund in Foshan and The Woodland in Zhongshan.

SHKP Group expects to continue to deliver quality developments on the Mainland, with a total of about 3.9 million square feet of attributable gross floor area scheduled to be completed in the first half of 2020. These comprise a number of residential projects, including Phase 2B of Park Royale, Guangzhou and Phase 5A of The Woodland, Zhongshan.

Property Investment

Gross rental income derived from the Mainland, including contributions from joint-venture projects, rose by 7 per cent. year-on-year to RMB2,168 million during the six months ended 31 December 2019. The increase was primarily driven by positive rental reversions and contributions from new rental properties.

Covering about 340,000 square feet, the mall at One ITC is the retail portion of SHKP Group's 7.6-million-square-foot ITC integrated development in Shanghai. At Two ITC, the 43,000-square-foot retail portion is fully let and scheduled to open in 2020, while the grade-A offices have all been leased. The 220-metre grade-A office building of the remaining phase is slated for completion by the end of 2021 and the construction of the 370-metre skyscraper and the 2.5-million-square-foot luxury mall is expected to be completed by late 2023.

Nanjing IFC in Hexi CBD, Nanjing, one of SHKP Group's integrated landmark developments currently under development, comprises about 3.4 million square feet of gross floor area. Nanjing One IFC achieved increased occupancy with tenants gradually moving in, while Nanjing Two IFC, which is expected to be completed in 2020, is undergoing internal decoration. In addition, this integrated development will house a new five-star hotel, Andaz Nanjing.

The joint-venture Jianghehui project located in Qianjiang New City CBD, acquired by SHKP Group in August 2019, comprises about nine million square feet of above-ground gross floor area. The integrated development is being developed in phases and is now under planning.

SHKP Group's existing property investment portfolio performed well during the six months ended 31 December 2019. Shanghai IFC Mall has seen healthy rental growth while Shanghai IAPM is expected to further strengthen its image as a trend-setting mall. Rental reversions of SHKP Group's quality office spaces at Shanghai IFC and Shanghai ICC remained satisfactory. In Beijing, occupancy of New Town Plaza has stayed high since its opening in July 2019, and Beijing APM will undergo a refurbishment of its facade to elevate its positioning. More flagship stores have been opened at IGC and Parc Central, SHKP Group's two joint-venture malls in Guangzhou, raising their overall occupancies.

Other Businesses

Hotels

The operating environment of the hospitality industry faced challenges amid plunging visitor arrivals as a result of social incidents in Hong Kong since mid-2019. As a result, the performance of SHKP Group's hotel portfolio in Hong Kong was affected with a significant reduction in revenue per available room. The near term performance of SHKP Group's hotel portfolio in Hong Kong is expected to be further impacted by the COVID-19 pandemic in early 2020 and the corresponding quarantine and traffic-flow control measures adopted by the Hong Kong government.

ALVA Hotel by Royal in Sha Tin, SHKP Group's fifth Royal brand hotel, held its grand opening in December 2019. Encompassing contemporary design, smart technology and sustainable living, the hotel is expected to synergize with its sister hotel, Royal Park Hotel in Sha Tin, and offers a modern and refreshing experience to its customers.

On the Mainland, The Ritz-Carlton Shanghai, Pudong retained its leading position in Shanghai's luxury hotel market and delivered stable performance during the six months ended 31 December 2019. Among the hotels under development in SHKP Group's integrated projects on the Mainland, Four Seasons Hotel Suzhou, comprising 210 guestrooms, and Andaz Nanjing, with about 360 rooms, are expected to open by late 2021. The near term performance of SHKP Group's hotel portfolio on the Mainland is expected to be impacted by the COVID-19 pandemic in early 2020 and the corresponding quarantine and traffic-flow control measures adopted by the PRC government.

Telecommunications and Information Technology

SmarTone

For the six months ended 31 December 2019, while SmarTone continued to grow its customer base and lead the industry in postpaid ARPU, the recent drop in overseas visitors has led to a substantial decline in inbound roaming revenues. Due to the COVID-19 pandemic, some aspects of SmarTone's business are expected to be adversely affected. Inbound and outbound roaming, in particular, are expected to be significantly affected due to reduced travels.

SUNeVision

SUNeVision sustained satisfactory results during the six months ended 31 December 2019 and continued to attract new customers from cloud services and new economy. MEGA-i, one of the largest data hubs in Asia, is undergoing a major upgrade to improve service levels and power capacity to serve customers with high demand for electricity. During the period, SUNeVision successfully acquired the property where the MEGA Two data centre is housed, enabling greater operating flexibility and support to high-growth customers. The planning and construction work for the two new data centres in Tsuen Wan and Tseung Kwan O are under way.

Infrastructure and Other Businesses

SHKP Group's infrastructure and transport businesses maintained stable performance during the period under review. Wilson Group's business was impacted by local social incidents while Route 3 (CPS)'s performance remained healthy. Despite facing challenges from the slowdown in Mainland-related business activities amidst Sino-US trade tensions, business at the Hong Kong Business Aviation Centre remained stable. Airport Freight Forwarding Centre Company Limited still saw demand from the logistics industry. The performance of the River Trade Terminal was affected by a drop in throughput amidst challenges in global trade despite strict cost control adopted by the business.

YATA expanded its network to 12 locations with the latest opening of its new store at Harbour North in North Point, extending its footprint to Eastern Hong Kong Island. A food street is featured within the new store to deliver an enhanced shop-and-eat experience to customers.

Corporate Finance

SHKP Group's interest coverage ratio sustained at a high multiple whilst its net debt to shareholders' funds maintained at a reasonable level after the payment of the land premium for the commercial site atop the High Speed Rail West Kowloon Terminus in December 2019. Moody's and Standard & Poor's have awarded A1 and A+ to SHKP Group respectively, with stable outlooks.

In January 2020, SHKP Group successfully issued a total of US\$800 million 10-year notes at a coupon rate of 2.875 per cent. under the Programme to refinance some of its maturing debts and extend its debt maturity profile.

The majority of SHKP Group's borrowings are denominated in Hong Kong dollars with the remainder mainly in US dollars and Renminbi. SHKP Group has not entered into any derivative or structured product transactions for speculative purpose.

SUBSCRIPTION AND SALE

Prohibition of Sales to European Economic Area and United Kingdom Retail Investors

The section “Prohibition of Sales to European Economic Area Retail Investors” on pages 135 and 136 of the Information Memorandum shall be deemed to be deleted in its entirety and replaced with the following:

“In relation to each Member State of the European Economic Area and the United Kingdom (each a “**Relevant State**”), each Joint Lead Manager represents and agrees that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Information Memorandum as completed by this Pricing Supplement in relation thereto to the public in that Relevant State except that it may make an offer of such Notes to the public in that Relevant State:

- (A) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (B) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Joint Lead Manager or Joint Lead Managers nominated by the Issuer for any such offer; or
- (C) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (A) to (C) above shall require the Issuer or any Joint Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision:

- (i) the expression **an offer of Notes to the public** in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes; and
- (ii) the expression **Prospectus Regulation** means Regulation (EU) 2017/1129.”