恒隆地產
HANG LUNG PROPERTIES

恒隆地產有限公司

HANG LUNG PROPERTIES LIMITED

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

2024 INTERIM RESULTS

CONTENTS

FINANCIAL HIGHLIGHTS

in HK$ Million (unless otherwise stated)

RESULTS

For the six months ended June 30

	2024			2023		
	Property Leasing	**Property Sales**	**Total**	Property Leasing	Property Sales	Total
Revenue	**4,886**	**1,228**	**6,114**	5,237	-	5,237
- Mainland China	**3,338**	**25**	**3,363**	3,554	-	3,554
- Hong Kong	**1,548**	**1,203**	**2,751**	1,683	-	1,683
Operating profit/(loss)	**3,441**	**(11)**	**3,430**	3,858	(34)	3,824
- Mainland China	**2,224**	**(20)**	**2,204**	2,483	(20)	2,463
- Hong Kong	**1,217**	**9**	**1,226**	1,375	(14)	1,361
Underlying net profit/(loss) attributable to shareholders	**1,757**	**(22)**	**1,735**	2,246	(21)	2,225
Net (decrease)/increase in fair value of properties attributable to shareholders	**(674)**	**-**	**(674)**	169	-	169
Net profit/(loss) attributable to shareholders	**1,083**	**(22)**	**1,061**	2,415	(21)	2,394

	At June 30, 2024	At December 31, 2023
Shareholders' equity	**131,979**	132,408
Net assets attributable to shareholders per share (HK$)	**$28.0**	$29.4

Earnings and Dividend (HK$)

	2024	2023
Earnings per share		
- Based on underlying net profit attributable to shareholders	**$0.38**	$0.49
- Based on net profit attributable to shareholders	**$0.23**	$0.53
Interim dividend per share	**$0.12**	$0.18

Financial Ratios

	At June 30, 2024	At December 31, 2023
Net debt to equity ratio	**32.9%**	31.9%
Debt to equity ratio	**37.5%**	35.7%

REVIEW OF OPERATIONS

CONSOLIDATED RESULTS

The total revenue of Hang Lung Properties Limited (the Company) and its subsidiaries (collectively known as "Hang Lung Properties") for the six months ended June 30, 2024 was HK$6,114 million, representing a 17% increase against the same period last year with the recognition of property sales revenue of HK$1,228 million (2023: Nil). Revenue from property leasing decreased by 7% to HK$4,886 million, primarily affected by weakened luxury consumption in the Mainland, the softening of retail and office markets in Hong Kong, and the Renminbi (RMB) depreciation. The overall operating profit dropped by 10% to HK$3,430 million.

The underlying net profit attributable to shareholders declined by 22% to HK$1,735 million, mainly attributable to lower operating leasing profits and higher finance costs. The underlying earnings per share fell correspondingly to HK$0.38.

Hang Lung Properties reported a net profit attributable to shareholders of HK$1,061 million (2023: HK$2,394 million) when including a net revaluation loss on properties attributable to shareholders of HK$674 million (2023: net revaluation gain of HK$169 million). The corresponding earnings per share was HK$0.23 (2023: HK$0.53).

Revenue and Operating Profit for the Six Months Ended June 30

	Revenue			**Operating Profit/(Loss)**		
	2024	2023	Change	**2024**	2023	Change
	HK$ Million	HK$ Million		**HK$ Million**	HK$ Million	
Property Leasing	**4,886**	5,237	-7%	**3,441**	3,858	-11%
Mainland China	**3,338**	3,554	-6%	**2,224**	2,483	-10%
Hong Kong	**1,548**	1,683	-8%	**1,217**	1,375	-11%
Property Sales	**1,228**	-	N/A	**(11)**	(34)	68%
Mainland China	**25**	-	N/A	**(20)**	(20)	-
Hong Kong	**1,203**	-	N/A	**9**	(14)	N/A
Total	**6,114**	5,237	17%	**3,430**	3,824	-10%

DIVIDEND

The board of directors (the "Board") of the Company has declared an interim dividend of HK12 cents per share for 2024 (2023: HK18 cents) to shareholders whose names are listed on the register of members on August 16, 2024.

The Board proposes that eligible shareholders be given the option to elect to receive the interim dividend in cash, or in the form of new shares in lieu of cash in respect of part or all of such dividend (the "Scrip Dividend Arrangement"). The Scrip Dividend Arrangement is conditional upon The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares to be issued pursuant to the Scrip Dividend Arrangement.

A circular containing details of the Scrip Dividend Arrangement and the form of election for scrip dividend is expected to be despatched to the eligible shareholders on or about August 26, 2024. It is expected that the interim dividend warrants and the share certificates to be issued under the Scrip Dividend Arrangement will be despatched to the shareholders on or about September 25, 2024.

PROPERTY LEASING

For the six months ended June 30, 2024, the overall rental revenue decreased by 7% to HK$4,886 million. Rental revenue of our Mainland portfolio dropped by 3% in RMB terms and 6% in HKD terms after considering the RMB depreciation against the same period last year. Our Hong Kong portfolio recorded a decline of 8% in rental revenue.

On the Mainland, after a strong rebound in the first half of 2023, momentum began to wane with softening sentiment continuing into 2024. As a result, luxury retail consumption remained sluggish. In the first half of the year, our overall rental revenue and tenant sales retreated by 3% and 13%, respectively, in RMB terms. Although our mall revenue declined from sales rent, the confidence of our tenants in our malls' leadership position in respective cities has improved the overall occupancy rate. Ongoing trade mix refinement, customer-centric promotions and relevant events supported business momentum. Our offices, particularly those in Shanghai, face challenges due to the oversupply of office spaces and soft demand. We will continue to provide the highest customer service and property management standards to attract and engage potential tenants.

In Hong Kong, the market experienced a slower-than-expected recovery in the first half of the year. Uncertainties in the geopolitical and economic environment led to negative reversion of some anchor tenants and dragged down our rental revenue and operating profit, which declined by 8% and 11%, respectively, in the first half of the year. Despite the drop in revenue, occupancy was well-managed and remained high. We will continue to optimize our tenant mix and launch various "hello Hang Lung Malls Rewards Program" incentives to boost footfall and stimulate consumer spending.

Mainland China[1]

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

	Revenue (RMB Million)		
	2024	2023	Change
Malls	**2,414**	2,496	-3%
Offices	**556**	580	-4%
Hotel	**64**	62	3%
Total	**3,034**	3,138	-3%
Total in HK$ Million equivalent	***3,338***	*3,554*	*-6%*

Overall rental revenue and operating profit in RMB terms declined by 3% and 8%, respectively. The depreciation of the RMB during the period inflated the decreases to 6% and 10%, respectively, in HKD terms. Our mall's revenue retreated by 3%, mainly driven by cooling consumer sentiment in the local luxury market and the rising number of outbound travelers for luxury spending. Our premium office portfolio fell by 4%, primarily due to weakened demand for office space within a highly competitive market. The number of business and leisure travels continued to pick up. Our hotel operations delivered a gentle growth in revenue of 3% period-on-period.

- *Malls*

Consumer sentiment in the luxury market continued to weaken in the first half of 2024. Revenue of our mall portfolio for the period decreased by 3%, with our luxury-positioned malls receding by 4%, due to the high base comparison in the first half of 2023 when consumer sentiment swiftly rebounded in January 2023 following the lifting of related COVID-19 counter-measures. Yet, overall occupancy as of June 2024 remained at a high level. Our sub-luxury malls maintained growth ranging from 1% at Parc 66 in Jinan to 15% at Riverside 66 in Tianjin as occupancy increases continued.

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

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

Name of Mall and City	Revenue (RMB Million)			Period-end Occupancy Rate		
	2024	2023	Change	**June 2024**	December 2023	June 2023
Luxury malls						
Plaza 66, Shanghai	**819**	891	-8%	**100%**	100%	100%
Grand Gateway 66, Shanghai	**589**	613	-4%	**97%**	99%	98%
Forum 66, Shenyang	**43**	50	-14%	**82%**	81%	84%
Center 66, Wuxi	**226**	226	-	**99%**	98%	99%
Olympia 66, Dalian	**144**	133	8%	**93%**	90%	89%
Spring City 66, Kunming	**152**	154	-1%	**98%**	98%	97%
Heartland 66, Wuhan	**119**	122	-2%	**83%**	82%	81%
	2,092	2,189	-4%			
Sub-luxury malls						
Palace 66, Shenyang	**80**	78	3%	**92%**	90%	86%
Parc 66, Jinan	**158**	156	1%	**92%**	93%	89%
Riverside 66, Tianjin	**84**	73	15%	**94%**	90%	80%
	322	307	5%			
Total	**2,414**	2,496	-3%			

In the first half of 2024, the revenue of our luxury malls dropped by 4%, influenced by weakening consumer sentiment in the luxury market, particularly in Shanghai, but partly compensated by the growth at Olympia 66 in Dalian. The revenue of the sub-luxury malls grew by 5% period-on-period. Our unwavering dedication to promotion, marketing efforts and refinement of tenant composition contributed to the enhancement of retail offering and customers' experience, which resulted in the continuous growth in occupancy and footfall.

Luxury malls

Our flagship **Plaza 66** mall in Shanghai maintained its leading position in the luxury market. Our top-tier customers remained active to purchase exclusive and luxurious products offered in the mall. Revenue and tenant sales dipped 8% and 23%, respectively, mainly because our lower-tier customers were more cautious on luxury spending and looking for bargain from outbound travels. The mall continued to be fully occupied at the end of the period. We continued to leverage HOUSE 66, our customer relationship management (CRM) program, to further engage loyal customers and acquire new members, helping to solidify our market position. The "Spring

Wonderland" celebration, held in April in collaboration with international luxury brands, offered customers a captivating shopping experience.

Our other mall in Shanghai, **Grand Gateway 66,** which carries more lifestyle content than its flagship sister, reported a decrease in revenue and tenant sales of 4% and 14%, respectively, in the first half of 2024. Marketing initiatives were rolled out during Chinese New Year and other festive periods to boost consumer engagement. We also organized the exclusive in-mall "Love in the Summer" event, which became the talk of the town, achieving overwhelming footfall and viral social media reach. The occupancy rate remained high at 97% at the end of the period.

Since market conditions stayed challenging, the revenue and tenant sales of the **Forum 66** mall in Shenyang fell by 14% and 20%, respectively. Joint marketing initiatives with Palace 66 in Shenyang continued to create productive synergy and enhance customer experiences. The occupancy rate was 82% as of June 2024.

Revenue and tenant sales of **Center 66**, the leading luxury retail mall in Wuxi, remained stable. The addition of several top-tier luxury brands in late 2023 further strengthened its positioning as a leading luxury location. The mall was almost fully occupied at the end of the period.

Olympia 66 in Dalian demonstrated a remarkable transformation into a regional luxury landmark. Revenue and tenant sales grew by 8% and 2%, respectively, as the mall attracted more luxury brands, particularly in beauty and cosmetics. The upgrade in retail content of trade categories such as food and beverage, athleisure, fashion and accessories, etc. also enriched our offering for one-stop shopping experience. With effective marketing initiatives, including the mall's signature event held in April, "Blooming Dreams," consumer sentiment continued to improve. The occupancy rate rose by 4 points to 93% against the same period last year.

Revenue and tenant sales of the **Spring City 66** mall in Kunming dropped by 1% and 6%, respectively, due to a dip in consumer sentiment in Kunming. We launched several signature events, including the "520" festival in May, to boost consumer engagement and footfall. Now entering its fifth year of operations, the mall continued to enjoy a relatively high occupancy of 98% and further enhanced base rents and management fees.

Revenue and tenant sales of the **Heartland 66** mall in Wuhan reduced by 2% and 15%, respectively, against the first half of 2023. Riding on the back of its third anniversary in April, the mall launched an array of sales-driven promotional campaigns to encourage consumption and footfall. Heartland 66's VIC lounge, The Lounge, was opened in May to provide privileged shopping experiences for our HOUSE 66 members. The occupancy rate was 83% as of June 2024.

<u>Sub-luxury malls</u>

Revenue and tenant sales of **Palace 66** in Shenyang increased by 3% and 2%, respectively, during the period under review. This followed a series of compelling marketing initiatives, including Chinese New Year promotions and music performances. We continued enriching our brand mix to help expand our target customer base. The occupancy rate rose by 6 points to 92% against the same period last year. The planned renovations of the food court will further enhance the mall's food and beverage offerings, appealing to a variety of tastes and boosting footfall.

Revenue of **Parc 66** in Jinan edged up by 1% period-on-period. After the completion of the first phase of the mall's Asset Enhancement Initiative (AEI), several beauty and brand stores have exclusively opened. The remaining phases of the AEI are expected to conclude between late 2024 and early 2025 which will strengthen the mall's desirability for customers and long-term profitability. The occupancy rate grew by 3 points to 92% against the same period last year.

Revenue and tenant sales of **Riverside 66** in Tianjin rose by 15% and 9%, respectively, period-on-period. The occupancy rate leapt by 14 points to 94%. Through relentless promotion and marketing efforts, leveraging on cooperations with local government for the organization of campaigns, such as New Year's Eve countdown, begonia flowers decoration on the centennial wall in April and youth art festival in May, together with additions of various placemaking initiatives such as jewelry garden and kids' amusement zone, drawing more customers to the cold area, stimulating footfall and sales.

- *Offices*

Our office portfolio, accounting for 18% of our total Mainland rental revenue, continued to serve as a reliable source of income. The total revenue dropped by 4% to RMB556 million period-on-period, mainly due to robust competition in the office leasing market in Shanghai and Shenyang. Despite the soft office demand, our office towers in Wuxi continued to report a mild growth in occupancy from an upward trajectory.

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

Name of Office and City	Revenue (RMB Million)			Period-end Occupancy Rate		
	2024	2023	Change	**June 2024**	December 2023	June 2023
Plaza 66, Shanghai	**312**	335	-7%	**88%**	96%	98%
Forum 66, Shenyang	**61**	64	-5%	**90%**	89%	86%
Center 66, Wuxi	**60**	59	2%	**89%**	85%	83%
Spring City 66, Kunming	**70**	70	-	**87%**	88%	87%
Heartland 66, Wuhan	**53**	52	2%	**68%**	76%	72%
Total	**556**	580	-4%			

Revenue of our two Grade A office towers at **Plaza 66** in Shanghai dropped by 7% after a decline in the occupancy rate by 10 points to 88% against the same period last year following the expiry of a few anchor tenant leases. Weakened demand in Shanghai, coupled with an increasing supply of office space, posed challenges to the office leasing market.

Revenue of the office tower at **Forum 66** in Shenyang retreated by 5% despite the occupancy rate rising by 4 points to 90% against the period-end of June 2023. Local market conditions remain challenging with an expanding supply of office space and continuing soft demand.

The total revenue of the two office towers at **Center 66** in Wuxi increased by 2%, thanks to the occupancy rate growth by 6 points to 89% against the same period last year. Our high-quality offerings and superior services enabled us to maintain a steady level of unit rent during the period.

With the advantage of premium services and facilities, our office tower at **Spring City 66** in Kunming maintained revenue at a stable level when compared to the same period last year. Occupancy has remained steady at 87% throughout the first half of the year.

For the **Heartland 66** Office Tower in Wuhan, revenue climbed by 2% period-on-period while the occupancy rate dropped by 4 points to 68% at end of the reporting period. Despite keen competition in Wuhan, our high specifications and convenient transport network differentiated us from our peers in the region. Our self-operated multifunctional workspace, HANGOUT, which opened in March 2023, broadened our tenant base and has attracted numerous influential corporations, including Fortune 500 pharmaceutical companies and several of China’s top 500 insurance companies.

- *Hotel*

Revenue grew by 3% in the first half of 2024. Benefitting from local authorities' efforts to promote business and leisure travel in the region, our room revenue which achieved 9% growth was partially offset by the slight decline in the food and beverage business.

Hong Kong

The first half of 2024 has been another challenging period in Hong Kong. The retail market was heavily impacted by changes in consumption and travel patterns. Supply and demand imbalances in the office market exerted downward pressure on rental prices.

Revenue and operating profit retreated by 8% to HK$1,548 million and by 11% to HK$1,217 million, respectively, with a rental margin of 79%.

With the refinement of our trade and brand mix to cater the preferences and behaviors of both locals and tourists, occupancy has been well-managed and attained at a high level.

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

	Revenue (HK$ Million)			Period-end Occupancy Rate		
				June	December	June
	2024	2023	Change	**2024**	2023	2023
Retail	**940**	1,009	-7%	**97%**	95%	97%
Offices	**507**	552	-8%	**89%**	89%	88%
Residential & Serviced Apartments	**101**	122	-17%	**73%**	77%	66%
Total	**1,548**	1,683	-8%			

- *Retail*

Revenue from our Hong Kong retail portfolio declined by 7% to HK$940 million. To tackle changes in consumer spending patterns, we continue to refine and diversify our trade and brand mix to appeal to locals and visitors alike. As of the reporting date, the overall occupancy remained high at 97%.

Amid weak market sentiment, tenant sales dropped mildly by 3%. To encourage consumption, we will continue to launch targeted marketing campaigns under the "hello Hang Lung Malls Rewards Program".

The revenue of retail properties in our **Central Business and Tourist District Portfolio** receded by 10% due to negative rental reversions that were concluded for some anchor tenants. Overall occupancy remained high at 96% at the end of the reporting period.

Our **Community Mall Portfolio** was comparatively resilient, with overall revenue slightly down by 4% against the same period last year. Occupancy at Kornhill Plaza in Hong Kong East and Amoy Plaza in Kowloon East stayed strong at 98% and 95%, respectively, as of the reporting date.

- *Offices*

Revenue declined by 8% to HK$507 million following negative rental reversions resulting from sluggish demand and abundant supply on Hong Kong Island. Proactive measures were implemented to secure a relatively high occupancy level of 89% as of the reporting date.

Our **Hong Kong Island Portfolio** recorded a 14% drop in revenue due to negative rental reversions, mostly in Central, while occupancy remained at 83% in a challenging market environment.

Revenue of our **Kowloon Portfolio** rose by 2% with the occupancy increased to 96% due to the more resilient semi-retail positioning of Grand Plaza and Gala Place and a strategic focus on medical businesses at Grand Centre.

- *Residential & Serviced Apartments*

Revenue of our residential and serviced apartments segment declined by 17% period-on-period, primarily due to the necessary removal of tenants at The Summit in the Mid-Levels district for renovations from September 2023. If excluding the impacts of The Summit, revenue grew by 1% period-on-period, mostly because of improvements in occupancy at Burnside Villa in Repulse Bay.

PROPERTY SALES

In the first half of 2024, revenue of HK$1,228 million (2023: Nil) was recognized for the sale of 114 residential units at The Aperture and 1 house on Blue Pool Road in Hong Kong, and 4 units at Heartland Residences in Wuhan. Taking into account the gross profit from the sale of properties in the Mainland and Hong Kong and corresponding selling expenses, the marketing expenses for the Grand Hyatt Residences Kunming and Center Residences in Wuxi, and other operating expenditures, an operating loss from property sales of HK$11 million was recorded for the reporting period.

As of June 30, 2024, the contracted property sales amounted to HK$385 million, comprising pre-sale of 12 units at The Aperture, 1 house on Blue Pool Road, 1 unit at Heartland Residences, and 5 units at Grand Hyatt Residences Kunming. The revenue will be recognized upon sale completion.

PROPERTY REVALUATION

As of June 30, 2024, the total value of our investment properties and those under development amounted to HK$193,007 million, including the mainland China portfolio of HK$130,765 million and the Hong Kong portfolio of HK$62,242 million. These properties were appraised by Savills, an independent valuer, as of June 30, 2024.

A revaluation loss of HK$634 million was recorded (2023: gain of HK$251 million).

The mainland China portfolio recorded a revaluation loss of HK$351 million (2023: gain of HK$216 million), representing less than 1% of the portfolio value.

The Hong Kong portfolio had a revaluation loss of HK$283 million (2023: gain of HK$35 million), representing a less than 1% decrease against the value as of December 31, 2023.

Net revaluation loss after tax and non-controlling interests of HK$674 million was reported (2023: net revaluation gain of HK$169 million).

PROPERTY DEVELOPMENT AND CAPITAL COMMITMENT

The aggregated values of our projects under development for leasing and sale were HK$24,430 million and HK$7,825 million, respectively. These comprised mainland China projects in Kunming, Wuxi, Hangzhou, Shanghai and Shenyang, as well as redevelopment projects in Hong Kong. As of the reporting date, our capital commitments for the development of investment properties amounted to HK$15 billion.

Mainland China

Grand Hyatt Residences Kunming (昆明君悅居) and **Grand Hyatt Kunming** are integral components of the remaining Spring City 66 development. The Residences sit above the hotel and house 254 apartment units, including three premium penthouses. Grand Hyatt Kunming features 331 guestrooms and suites. The sales launch of the Residences commenced at the end of 2023. Completion certificates of both properties were obtained in April 2024. The opening of the Grand Hyatt Kunming is planned in the third quarter of 2024.

Center Residences (無錫恒隆府) in Wuxi and **Curio Collection by Hilton**, a lifestyle boutique hotel, form the Phase 2 development of Center 66. The Residences comprise two high-rise residential towers housing 573 units. There will also be a seven-story new-build tower and a three-story heritage building offering a combined total of 105 hotel rooms. Construction is on track with topping-out occurring in December 2023. The project is scheduled for completion in phases from 2025 onwards. The Center Residences pre-sale is subject to market conditions, while the opening of Curio Collection by Hilton is slated for the second half of 2025.

Westlake 66 in Hangzhou is an integrated high-end commercial development comprising a retail podium, five Grade A office towers, and a luxury hotel: **Mandarin Oriental Hangzhou**. Featuring more than 190 premium guestrooms and suites, the hotel is expected to open in the second half of 2026. The remaining sections of the development are scheduled for completion in phases from 2025 onwards. Westlake 66 recently won the Gold Award in the "Best New Mega Development" Category at the MIPIM Asia Awards 2023 in recognition of its ingenious blend of Hangzhou's urban cultural heritage with the intricate details and sophisticated aesthetic of modern architecture.

To enhance our offering at **Plaza 66** in Shanghai, we have obtained approval from the local government to utilize an existing landscape area to build a retail structure, with a gross floor area of approximately 3,000 square meters. Expected to be completed in 2026, the development will provide customers with a more comprehensive shopping experience and further strengthen the mall's leading position in the city.

Design and planning works of the remaining mixed-use development of **Forum 66** in Shenyang are ongoing.

Hong Kong

The construction of The Aperture was completed in the first half of 2024. The residential and retail portions were classified as completed properties held for sale and investment properties, respectively.

The land acquisition at 37 Shouson Hill Road in the Southern District of Hong Kong Island was completed in February 2021. The land site will be redeveloped into luxurious detached houses, and the general building plan was approved in August 2022. Demolition work is expected to commence in the second half of 2024.

FINANCING MANAGEMENT

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

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

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

As part of our environmental, social and governance (ESG) initiatives, Hang Lung Properties procure an increasing proportion of sustainable finance. During the first half of 2024, we issued green bonds worth RMB0.8 billion, obtained RMB1.9 billion in green loan facilities and HK$3.2 billion in sustainability-linked loan facilities. These are collectively referred to as sustainable finance, which now accounts for 60% of our total debts and available facilities as of June 30, 2024.

- *Cash Management*

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

	At June 30, 2024		At December 31, 2023	
	HK$ Million	*% of Total*	HK$ Million	*% of Total*
Denominated in:				
HKD	**4,297**	*65%*	3,311	*62%*
RMB	**2,275**	*35%*	1,877	*35%*
USD	**1**	**-**	164	*3%*
Total cash and bank balances	**6,573**	*100%*	5,352	*100%*

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

- *Debt Portfolio*

At the balance sheet date, total borrowings amounted to HK$53,229 million (December 31, 2023: HK$50,704 million), of which 35% was denominated in RMB, which acts as a natural hedge to net investments in mainland China.

Our fixed-rate borrowings primarily consist of bonds, fixed-rate bank loans and floating-rate bank loans that are converted to fixed-rate through the use of interest rate swaps. The percentage of fixed-rate borrowings accounted for 41% of total borrowings as of June 30, 2024. After excluding the onshore floating-rate debts, the percentage of fixed-rate borrowings would be 56% of total offshore borrowings as of June 30, 2024 (December 31, 2023: 50%).

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

(i) by currency (after currency swap):

	At June 30, 2024		At December 31, 2023	
	HK$ Million	*% of Total*	HK$ Million	*% of Total*
Denominated in:				
HKD	**34,478**	*65%*	35,920	*71%*
RMB	**18,751**	*35%*	14,784	*29%*
Total borrowings	**53,229**	*100%*	50,704	*100%*

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

	At June 30, 2024		At December 31, 2023	
	HK$ Million	*% of Total*	HK$ Million	*% of Total*
Fixed	**21,821**	*41%*	18,576	*37%*
Floating	**31,408**	*59%*	32,128	*63%*
Total borrowings	**53,229**	*100%*	50,704	*100%*

- *Gearing Ratios*

At the balance sheet date, the net debt balance amounted to HK$46,656 million (December 31, 2023: HK$45,352 million). The net debt to equity ratio was 32.9% (December 31, 2023: 31.9%), and the debt to equity ratio was 37.5% (December 31, 2023: 35.7%). The increase in net debt to equity ratio was largely due to the increase in borrowings primarily used for capital expenditures in both mainland China and Hong Kong.

- *Maturity Profile and Refinancing*

At the balance sheet date, the average tenure of our debt portfolio was 3.0 years (December 31, 2023: 3.0 years). The maturity profile was staggered over more than 12 years. Around 65% of our outstanding debt would be repayable after 2 years.

	At June 30, 2024		At December 31, 2023	
	HK$ Million	*% of Total*	HK$ Million	*% of Total*
Repayable:				
Within 1 year	**6,011**	*11%*	4,434	*9%*
After 1 but within 2 years	**12,672**	*24%*	14,091	*28%*
After 2 but within 5 years	**31,054**	*58%*	27,779	*55%*
Over 5 years	**3,492**	*7%*	4,400	*8%*
Total borrowings	**53,229**	*100%*	50,704	*100%*

As of June 30, 2024, total undrawn committed banking facilities amounted to HK$14,255 million (December 31, 2023: HK$15,717 million). The available balances of the US$4 billion (December 31, 2023: US$4 billion) medium-term note program amounted to US$2,107 million, equivalent to HK$16,452 million (December 31, 2023: HK$17,584 million).

- *Net Finance Costs and Interest Cover*

For the first half of 2024, gross finance costs rose by 21% to HK$1,063 million following the higher average effective cost of borrowing of 4.3% (2023: 3.9%) (attributed to the higher interest rate environment) and the increase in borrowings primarily for capital expenditure.

The net amount charged to the statement of profit or loss (after excluding capitalized amounts) increased to HK$455 million accordingly.

Interest cover for the six months of 2024 was 3.0 times (2023: 4.2 times).

- *Foreign Exchange Management*

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

We practice strict discipline of not speculating on the exchange rate movement of RMB against HKD and maintaining an appropriate level of RMB-denominated resources for capital requirements in mainland China, including cash inflows from local operations and RMB-denominated borrowings. Regular business reviews are carried out to assess the level of funding needed for our projects in mainland China, taking into account factors such as regulatory updates, project development timelines, and the macroeconomic environment. Appropriate modifications to our funding plan will be conducted whenever necessary.

As of June 30, 2024, net assets denominated in RMB accounted for approximately 71% of our total net assets. RMB depreciated against the HKD by 0.7% as compared to that as of December 31, 2023. The translation of these net assets from RMB into HKD at the exchange rate as of the reporting date resulted in a translation loss of HK$682 million (2023: loss of HK$3,394 million), recognized in other comprehensive income/exchange reserve.

- *Charge of Assets*

None of Hang Lung Properties' assets was charged to third parties as of June 30, 2024.

- *Contingent Liabilities*

Hang Lung Properties had no material contingent liabilities as of June 30, 2024.

CORPORATE INITIATIVES

Renewable Energy Powers 50% of Hang Lung's Mainland Properties

With power purchase agreements effective from April 1, 2024, half of Hang Lung's operating properties in mainland China are now powered by renewable energy. This remarkable milestone in Hang Lung's sustainability journey benefits five properties across four cities, including Plaza 66 and Grand Gateway 66 in Shanghai, Center 66 in Wuxi, Spring City 66 in Kunming, and Parc 66 in Jinan. Hang Lung is already set to go well beyond its 2025 sustainability target of 25% renewable energy for the Mainland portfolio.

Tenant Partnership Program Celebrates Sustainability Efforts

Launched in December 2023, Hang Lung's Changemakers: Tenant Partnerships on Sustainability program fosters collaboration between landlords and tenants to address sustainability challenges that affect our properties, occupants, and communities in Hong Kong and mainland China. Open to all tenants, the program recognizes efforts to reduce carbon emissions, minimize waste, advance circularity, and enhance community wellbeing.

Altogether 16 Hong Kong and Mainland tenants across 14 properties are participating in the program's pilot phase, covering a combined leased area of more than 78,000 square meters. Our participating tenants include local and multinational companies across various industries, including banking and finance, luxury retail, lifestyle retail, food and beverage, and technology.

Hang Lung Supports Dementia Patients and Their Carers

Hang Lung's three-year "Love·No·Limit" Dementia Friendly Program returned for a second edition in June 2024. Seeking to create a diverse and inclusive community, the program offers respite for elderly people with dementia, including leisure activities for carers and cognitive training for patients. Amoy Plaza is not only the first shopping mall in Hong Kong with Carer Cafés in partnership with food and beverage tenants, but also the site of a dedicated station for free cognitive assessments and referrals plus carer consultations.

OUTLOOK

Heading into the second half of 2024, we continue navigating a complex and uncertain macroeconomic landscape. High interest rate environment would persist but the transition to a downward trend is expected to improve the sentiment of global economy. In an effort to boost consumer confidence and business momentum, the Mainland and Hong Kong governments have embarked on numerous stimulus measures for which signs of recovery are yet to be seen. We will continue enhancing our operational flexibility to ensure agility during economic downturns.

In mainland China, despite economic headwinds, affluent buyers are now seeking exclusive shopping experiences in addition to luxury items. Following the success of our first VIC lounge at Plaza 66 in Shanghai, we are excited to announce the launch of a second VIC lounge at Heartland 66 in Wuhan during May 2024, followed by a third location at Spring City 66 in Kunming by end of the year. We continue leveraging our portfolio-wide HOUSE 66 CRM program to better engage with top-tier customers and improve shopper loyalty. Our sub-luxury malls are reaping the rewards of a gradual uplift in occupancy and footfall following tenant mix refinements. Despite a setback in our office portfolio's performance during this challenging time, our Grade A office premises in core downtown locations will attract high-quality tenants when business confidence improves.

Hong Kong continues to grapple with a persistent drop in consumer sentiment, stiff competition from mega malls in neighboring regions, and changing tourism spending patterns. To offset a conservative outlook for retail performance in the second half of 2024, we will continue rolling out thematic campaigns and leveraging our "hello Hang Lung Malls Rewards Program" to enhance shopping experiences and engage with loyal customers. Given the prevailing sluggish market conditions, we expect demand for office leasing to remain subdued for the remainder of the year.

Subject to market conditions, we will continue rolling out Hang Lung Residences, our premium serviced residences in mainland China, which comprises Heartland Residences in Wuhan, Grand Hyatt Residences in Kunming, and Center Residences in Wuxi. Our premium management services and superior product quality set us apart from our peers to attract discerning buyers when the economy recovers.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED JUNE 30, 2024 (UNAUDITED)

				For information purpose only	
	Note	**2024 HK$ Million**	2023 HK$ Million	**2024 RMB Million**	2023 RMB Million
Revenue	2(a)	**6,114**	5,237	**5,606**	4,626
Direct costs and operating expenses		**(2,684)**	(1,413)	**(2,471)**	(1,247)
		3,430	3,824	**3,135**	3,379
Other net income	3	**23**	20	**21**	18
Administrative expenses		**(341)**	(325)	**(314)**	(287)
Profit from operations before changes in fair value of properties		**3,112**	3,519	**2,842**	3,110
(Decrease)/increase in fair value of properties		**(634)**	251	**(584)**	229
Profit from operations after changes in fair value of properties		**2,478**	3,770	**2,258**	3,339
Interest income		**26**	39	**24**	35
Finance costs		**(455)**	(299)	**(419)**	(265)
Net interest expense	4	**(429)**	(260)	**(395)**	(230)
Share of profits of joint ventures		**19**	20	**17**	18
Profit before taxation	5	**2,068**	3,530	**1,880**	3,127
Taxation	6	**(729)**	(798)	**(663)**	(707)
Profit for the period	2(b)	**1,339**	2,732	**1,217**	2,420
Attributable to:					
Shareholders		**1,061**	2,394	**964**	2,120
Non-controlling interests		**278**	338	**253**	300
Profit for the period		**1,339**	2,732	**1,217**	2,420
Earnings per share	8(a)				
Basic		**HK$0.23**	HK$0.53	**RMB0.21**	RMB0.47
Diluted		**HK$0.23**	HK$0.53	**RMB0.21**	RMB0.47

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED JUNE 30, 2024 (UNAUDITED)

			For information purpose only	
	2024 HK$ Million	2023 HK$ Million	**2024 RMB Million**	2023 RMB Million
Profit for the period	**1,339**	2,732	**1,217**	2,420
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Movement in exchange reserve:				
Exchange difference arising from translation to presentation currency	**(765)**	(3,398)	**824**	1,126
Gain on net investment hedge	**83**	4	**76**	4
Movement in hedging reserve:				
Effective portion of changes in fair value	**114**	77	**106**	69
Net amount transferred to profit or loss	**(34)**	(48)	**(32)**	(42)
Deferred tax	**(12)**	(7)	**(11)**	(6)
Item that will not be reclassified to profit or loss:				
Net change in fair value of equity investments	**1**	1	**1**	1
Other comprehensive income for the period, net of tax	**(613)**	(3,371)	**964**	1,152
Total comprehensive income for the period	**726**	(639)	**2,181**	3,572
Attributable to:				
Shareholders	**520**	(649)	**1,934**	3,283
Non-controlling interests	**206**	10	**247**	289
Total comprehensive income for the period	**726**	(639)	**2,181**	3,572

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT JUNE 30, 2024

	Note	**(Unaudited) June 30, 2024 HK$ Million**	(Audited) December 31, 2023 HK$ Million	*For information purpose only* **June 30, 2024 RMB Million**	*For information purpose only* December 31, 2023 RMB Million
Non-current assets					
Property, plant and equipment					
Investment properties	9	**168,577**	169,046	**155,258**	153,511
Investment properties under development	9	**24,430**	23,610	**22,297**	21,398
Other property, plant and equipment		**327**	331	**301**	300
		193,334	192,987	**177,856**	175,209
Interests in joint ventures		**1,113**	1,116	**1,041**	1,017
Other assets		**76**	76	**71**	68
Deferred tax assets		**140**	142	**131**	129
		194,663	194,321	**179,099**	176,423
Current assets					
Cash and deposits with banks		**6,573**	5,352	**6,094**	4,868
Trade and other receivables	10	**3,902**	3,406	**3,603**	3,093
Properties for sale		**13,801**	14,223	**12,754**	12,929
		24,276	22,981	**22,451**	20,890
Current liabilities					
Bank loans and other borrowings		**6,011**	4,434	**5,576**	4,030
Trade and other payables	11	**9,544**	10,216	**8,779**	9,275
Lease liabilities		**27**	30	**25**	27
Current tax payable		**416**	457	**384**	415
		15,998	15,137	**14,764**	13,747
Net current assets		**8,278**	7,844	**7,687**	7,143
Total assets less current liabilities		**202,941**	202,165	**186,786**	183,566
Non-current liabilities					
Bank loans and other borrowings		**47,218**	46,270	**43,889**	42,110
Lease liabilities		**241**	248	**220**	225
Deferred tax liabilities		**13,582**	13,524	**12,409**	12,259
		61,041	60,042	**56,518**	54,594
NET ASSETS		**141,900**	142,123	**130,268**	128,972
Capital and reserves					
Share capital		**41,658**	39,950	**39,052**	37,462
Reserves		**90,321**	92,458	**82,166**	82,707
Shareholders' equity		**131,979**	132,408	**121,218**	120,169
Non-controlling interests		**9,921**	9,715	**9,050**	8,803
TOTAL EQUITY		**141,900**	142,123	**130,268**	128,972

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The interim results set out in the announcement do not constitute the interim report for the six months ended June 30, 2024 of Hang Lung Properties Limited (the "Company") and its subsidiaries (collectively the "Group") but are extracted from the report.

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

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

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

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements.

The presentation currency of these consolidated financial statements is Hong Kong dollar. In view of the Group's significant business operations in mainland China, management has included additional financial information prepared in Renminbi in the consolidated financial statements. Such supplementary information is prepared on the same basis as 2023 as if the presentation currency is Renminbi.

1. BASIS OF PREPARATION (Continued)

The financial information relating to the financial year ended December 31, 2023 included in this announcement of interim results as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended December 31, 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

2. REVENUE AND SEGMENT INFORMATION

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

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

(a) Disaggregation of revenue

Revenue for the six months ended June 30, 2024 is analyzed as follows:

HK$ Million	**2024**	2023
Under the scope of HKFRS 16, *Leases*:		
Rental income	**4,243**	4,582
Under the scope of HKFRS 15, *Revenue from contracts with customers*:		
Sales of completed properties	**1,228**	-
Building management fees and other income from property leasing	**643**	655
	1,871	655
	6,114	5,237

2. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Revenue and results by segments

HK$ Million	**2024**			2023		
	Property Leasing	**Property Sales**	**Total**	Property Leasing	Property Sales	Total
Revenue						
- Mainland China	**3,338**	**25**	**3,363**	3,554	-	3,554
- Hong Kong	**1,548**	**1,203**	**2,751**	1,683	-	1,683
	4,886	**1,228**	**6,114**	5,237	-	5,237
Profit/(loss) from operations before changes in fair value of properties						
- Mainland China	**2,023**	**(20)**	**2,003**	2,278	(20)	2,258
- Hong Kong	**1,100**	**9**	**1,109**	1,264	(3)	1,261
	3,123	**(11)**	**3,112**	3,542	(23)	3,519
(Decrease)/increase in fair value of properties	**(634)**	**-**	**(634)**	251	-	251
- Mainland China	**(351)**	**-**	**(351)**	216	-	216
- Hong Kong	**(283)**	**-**	**(283)**	35	-	35
Net interest expense	**(429)**	**-**	**(429)**	(260)	-	(260)
- Interest income	**26**	**-**	**26**	39	-	39
- Finance costs	**(455)**	**-**	**(455)**	(299)	-	(299)
Share of profits of joint ventures	**19**	**-**	**19**	20	-	20
Profit/(loss) before taxation	**2,079**	**(11)**	**2,068**	3,553	(23)	3,530
Taxation	**(718)**	**(11)**	**(729)**	(800)	2	(798)
Profit/(loss) for the period	**1,361**	**(22)**	**1,339**	2,753	(21)	2,732
Net profit/(loss) attributable to shareholders	**1,083**	**(22)**	**1,061**	2,415	(21)	2,394

2. REVENUE AND SEGMENT INFORMATION (Continued)

(c) Total segment assets

HK$ Million	June 30, 2024			December 31, 2023		
	Property Leasing	**Property Sales**	**Total**	Property Leasing	Property Sales	Total
Mainland China	**133,033**	**6,764**	**139,797**	132,919	6,447	139,366
Hong Kong	**62,618**	**8,622**	**71,240**	62,516	8,734	71,250
	195,651	**15,386**	**211,037**	195,435	15,181	210,616
Interests in joint ventures			**1,113**			1,116
Other assets			**76**			76
Deferred tax assets			**140**			142
Cash and deposits with banks			**6,573**			5,352
			218,939			217,302

3. OTHER NET INCOME

HK$ Million	2024	2023
Government grants	**6**	5
Gain/(loss) on disposal of other property, plant and equipment	**14**	(11)
Net exchange (loss)/gain	**(2)**	8
Gain on disposal of investment properties	**-**	11
Others	**5**	7
	23	20

4. NET INTEREST EXPENSE

HK$ Million	2024	2023
Interest income on bank deposits	**26**	39
Interest expense on bank loans and other borrowings	**1,011**	835
Interest on lease liabilities	**7**	7
Other borrowing costs	**45**	39
Total borrowing costs	**1,063**	881
Less: Borrowing costs capitalized	**(608)**	(582)
Finance costs	**455**	299
Net interest expense	**(429)**	(260)

5. PROFIT BEFORE TAXATION

HK$ Million	**2024**	2023
Profit before taxation is arrived at after charging:		
Cost of properties sold	**1,012**	-
Staff costs (Note)	**765**	779
Depreciation	**46**	46

Note: The staff costs included employee share-based payments of HK$42 million (2023: HK$40 million). If the amounts not recognized in the statement of profit or loss, including amounts capitalized, were accounted for, staff costs would have been HK$928 million (2023: HK$942 million).

6. TAXATION IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Provision for Hong Kong Profits Tax is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits for the period. Mainland China Income Tax represents mainland China Corporate Income Tax calculated at 25% (2023: 25%) and mainland China withholding income tax calculated at the applicable rates. The withholding tax rate applicable to Hong Kong companies in respect of dividend distributions from foreign investment enterprises in mainland China was 5% (2023: 5%).

HK$ Million	**2024**	2023
Current tax		
Hong Kong Profits Tax	**134**	159
Mainland China Income Tax	**456**	447
Total current tax	**590**	606
Deferred tax		
Changes in fair value of properties	**31**	43
Other origination and reversal of temporary differences	**108**	149
Total deferred tax	**139**	192
Total income tax expense	**729**	798

7. DIVIDENDS

(a) Interim dividend

HK$ Million	**2024**	2023
Declared after the end of the reporting period:		
HK12 cents (2023: HK18 cents) per share	**566**	810

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

The Board proposes that eligible shareholders be given the option to elect to receive the interim dividend in cash, or in the form of new shares in lieu of cash in respect of part or all of such dividend (the "Scrip Dividend Arrangement"). The Scrip Dividend Arrangement is conditional upon The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares to be issued pursuant to the Scrip Dividend Arrangement.

(b) Final dividend approved and paid during the six months ended June 30, 2024

HK$ Million	**2024**	2023
2023 final dividend of HK60 cents		
(2022: HK60 cents) per share	**2,699**	2,699

Included in 2023 final dividend paid during the period, HK$1,708 million was settled through scrip dividend pursuant to the scrip dividend arrangement announced by the Company on January 30, 2024.

8. EARNINGS PER SHARE

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

HK$ Million	**2024**	2023
Net profit attributable to shareholders	**1,061**	2,394

	Number of shares	
	2024	2023
Weighted average number of shares used in calculating basic and diluted earnings per share (Note)	**4,519,178,404**	4,499,260,670

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

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

HK$ Million	**2024**	2023
Net profit attributable to shareholders	**1,061**	2,394
Effect of changes in fair value of properties	**634**	(251)
Effect of income tax for changes in fair value of properties	**31**	43
Effect of changes in fair value of investment properties of joint ventures	**1**	-
	666	(208)
Non-controlling interests	**8**	39
	674	(169)
Underlying net profit attributable to shareholders	**1,735**	2,225

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

	2024	2023
Basic	**HK$0.38**	HK$0.49
Diluted	**HK$0.38**	HK$0.49

9. INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES UNDER DEVELOPMENT

(a) Additions

During the six months ended June 30, 2024, additions to investment properties and investment properties under development amounted to HK$1,915 million (2023: HK$1,569 million).

(b) Valuation

The investment properties and investment properties under development of the Group were revalued as of June 30, 2024 by Savills Valuation and Professional Services Limited, on a market value basis.

10. TRADE AND OTHER RECEIVABLES

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

HK$ Million	**June 30, 2024**	December 31, 2023
Not past due or less than 1 month past due	**726**	138
1 – 3 months past due	**17**	9
More than 3 months past due	**3**	1
	746	148

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

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

(c) Included in “other receivables” of the Group is a deposit of land acquisition in mainland China of HK$274 million (December 31, 2023: HK$276 million).

11. TRADE AND OTHER PAYABLES

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

HK$ Million	**June 30, 2024**	December 31, 2023
Due within 3 months	**1,353**	2,053
Due after 3 months	**2,844**	2,289
	4,197	4,342

(b) Included in trade and other payables is an amount of HK$601 million (December 31, 2023: HK$601 million) due to a fellow subsidiary, which is the joint developer of a project in which the Group and the fellow subsidiary hold respective interests of 66.67% and 33.33%. The amount represents the contribution by the fellow subsidiary in proportion to its interest to finance the project, and is unsecured, non-interest bearing and has no fixed terms of repayment.

OTHER INFORMATION

Employees

As of June 30, 2024, the number of employees was 4,059 (comprising 936 Hong Kong employees and 3,123 mainland China employees). The total employee costs for the six months ended June 30, 2024, amounted to HK$928 million. We provide competitive remuneration packages for all employees including discretionary bonuses payable based on individual performance. We regularly review remuneration packages to ensure that they comply with relevant regulatory requirements and market conditions. The Company also has a share option scheme and provides professional and high-quality training for employees.

Purchase, Sale or Redemption of Listed Securities

During the six months ended June 30, 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities.

Compliance with Corporate Governance Code

During the six months ended June 30, 2024, the Company complied with the code provisions set out in the Corporate Governance Code as stated in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Review of Interim Results

The interim results for the six months ended June 30, 2024, have been reviewed by the Company's Audit Committee and auditor, KPMG.

Book Close Date

For ascertaining shareholders' entitlement to the interim dividend

Book close date	August 16, 2024
Latest time to lodge transfers	4:30 pm on August 15, 2024
Record date	August 16, 2024
Payment date for interim dividend	September 25, 2024

For the purpose of ascertaining shareholders' entitlement to the interim dividend, the register of members will be closed on Friday, August 16, 2024, on which no share transfers will be effected. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Thursday, August 15, 2024.

On Behalf of the Board
Adriel Chan
Chair

Hong Kong, July 30, 2024

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

GLOSSARY

Financial Terms

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

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

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

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

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

Financial Ratios

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

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

$$\text{Net assets attributable to shareholders per share} = \frac{\text{Shareholders' equity}}{\text{Number of shares issued at the end of the reporting period}}$$

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

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