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

2024 INTERIM RESULTS ANNOUNCEMENT

CHAIRMEN'S STATEMENT

INTERIM RESULTS AND DIVIDEND

The Group's (unaudited) underlying profit attributable to equity shareholders for the six months ended 30 June 2024 amounted to HK$5,441 million, representing a decrease of HK$632 million or 10% from HK$6,073 million for the same period last year. The underlying earnings per share was HK$1.12 (2023: HK$1.25). The profit for the period under review included an underlying profit of approximately HK$1,407 million arising from the disposal of the company holding Harbour East, which was an investment property located in North Point. In addition, land lots with a total land area of approximately 1.45 million square feet in Fanling North and Kwu Tung North New Development Areas were resumed by the Government. Based on the cash compensation of approximately HK$1,860 million, an underlying profit of approximately HK$1,096 million was recognised. In the first half of 2023, the Group reported a net gain of HK$1,591 million from the remeasurement of the net assets of Sunlight Real Estate Investment Trust ("Sunlight REIT"), when it became a listed associate of the Company on 30 June 2023, to fair value using the equity method. There was no such gain during the period under review.

During the first half of 2024, the Group recorded a fair value loss of HK$2,267 million (2023: HK$116 million) after revaluation of the Group's completed investment properties and investment properties under development. This included the adjustments of cumulative changes in the fair value of disposed investment properties (HK$1,447 million (2023: HK$9 million)). After taking into account the fair value loss, the profit attributable to equity shareholders for the six months ended 30 June 2024 amounted to HK$3,174 million, representing a decrease of HK$2,783 million or 47% from HK$5,957 million for the same period last year. The reported earnings per share was HK$0.66 (2023: HK$1.23).

The Board has declared an interim dividend of HK$0.5 per share (2023: HK$0.5 per share) to shareholders whose names appear on the Register of Members of the Company on Friday, 6 September 2024 and such interim dividend will not be subject to any withholding tax in Hong Kong.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed on Thursday, 5 September 2024 and Friday, 6 September 2024, during which no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, 4 September 2024. The interim dividend will be distributed to shareholders on Tuesday, 17 September 2024.

BUSINESS REVIEW

Hong Kong

Property Sales

In February 2024, the Government announced the abolition of all demand-side management measures for residential properties. The Special Stamp Duty and the Buyer's Stamp Duty are no longer charged on all residential property transactions. At the same time, the Hong Kong Monetary Authority issued guidelines to banks relaxing mortgage loan-to-value ratios and stress tests. Residential property transactions became more active as a result. However, the US Federal Reserve maintained interest rates at high levels throughout the period, causing the local property market to become sluggish since the middle of this year.

During the first half of 2024, the Group's attributable revenue from property development in Hong Kong amounted to approximately HK$4,917 million, representing a period-on-period increase of 14%. The Group's attributable profit before taxation, which included a profit of approximately HK$1,055 million from the resumption of certain land lots in Fanling North and Kwu Tung North New Development Areas by the Government, amounted to approximately HK$1,499 million.

During the first half of 2024, the Group capitalised on the improved market conditions and seized the opportunity to launch a number of residential developments for sale, including Belgravia Place (Phase 1) in Cheung Sha Wan, Gateway • Square Mile in Mong Kok, as well as The Haddon in Hung Hom. Belgravia Place (Phase 1) in Cheung Sha Wan, in particular, was well received and all 138 residential units available in the first round of sale were sold on the first day of launch. Sales for all existing projects were also satisfactory. The Holborn in Quarry Bay was almost sold out, whilst more than 96% of the residential units at One Innovale in the New Territories were sold by the end of June 2024. Together with the sale of other properties (including car parks), contracted sales attributable to the Group in Hong Kong amounted to approximately HK$8,953 million for the six months ended 30 June 2024, representing a period-on-period increase of 33%.

At the end of June 2024, attributable contracted sales of approximately HK$13,346 million are yet to be recognised, of which approximately HK$7,599 million is expected to be recognised as revenue in the second half of 2024 upon completion of the developments and handover of the completed units to buyers.

Property Development

For urban redevelopment projects (including the project awarded by the Urban Renewal Authority) with 80% to 100% ownership interest, the total gross floor area attributable to the Group amounted to 2.8 million square feet. In addition, urban redevelopment projects with a total gross floor area of approximately 0.4 million square feet attributable to the Group have been earmarked for sales launch in the second half of 2024.

The Group has adopted a multi-faceted approach to replenish its development land bank in Hong Kong. The Group's land reserves, other than those earmarked for rental purposes, will be sufficient to meet its development needs in the next few years. Details of the Group's projects are set out in the tables below:

Below is a summary of projects pending/under development and major completed projects:

			Saleable/gross floor area attributable to the Group (million sq. ft.) *(Note 1)*	Remarks
(A)	**Projects available for sale in the second half of 2024**			
1.	Unsold units of major development projects offered for sale	(Table 1)	1.5	
2.	Projects to be launched for sale in the second half of 2024	(Table 2)	1.0	
		Sub-total:	**2.5**	
(B)	**Projects in Urban Areas**			
3.	Existing Urban Redevelopment Projects	(Table 3)	0.9	Dates of sales launch have not been confirmed yet and the land premium for one of the projects is still under negotiation with the Government
4.	Urban Redevelopment Projects			
	4.1 with 100% ownership interest acquired	(Table 4)	2.7	Most projects are expected to be available for sale or lease from 2025 to 2026
	4.2 with more than 80% but less than 100% ownership interest acquired	(Table 4)	0.1	Most projects are expected to be available for sale or lease from 2026 to 2028
	4.3 with more than 20% but less than 80% ownership interest acquired	(Table 5)	0.7	Redevelopment is subject to the acquisition of 100% ownership interest
5.	Site 3 of New Central Harbourfront (Inland Lot No. 9088)		1.6	To be held for rental purposes upon completion
		Sub-total:	**6.0**	
		Total ((A) and (B)):	**8.5**	

(C) Major development projects in the New Territories

– Fanling Sheung Shui Town Lot No. 263	0.3	
Kwu Tung		
– Hung Shui Kiu	3.4	*(Note 2)*
– Others	0.4	*(Note 2)*
Sub-total:	**4.1**	
Total ((A), (B) and (C)):	**12.6**	

Note 1: Gross floor area is calculated based on the general building plans approved by the Buildings Department or the Government's latest town planning parameters, as well as the Company's development plans and is subject to change.

Note 2: Developable area will be confirmed after reaching an agreement with the Government on the amount of land premium payable.

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

There are 28 major development projects with unsold units:

Project name and location		Gross floor area (sq. ft.)	Type of development	As at 30 June 2024 No. of unsold residential units	Saleable area of unsold units (sq. ft.)	Interest of the Group (%)	Saleable area of unsold units attributable to the Group (sq. ft.)
1.	The Henley 7 Muk Tai Street Kai Tak	654,602	Commercial/ Residential	579	301,283	100.00	301,283
2.	Henley Park 8 Muk Tai Street Kai Tak	397,967	Residential	315	171,697	100.00	171,697
3.	The Haddon 1 Whampoa Street Hung Hom	186,536	Commercial/ Residential	439	131,480	100.00	131,480
4.	Eden Manor 88 Castle Peak Road Kwu Tung	555,399	Residential	94	105,042	100.00	105,042
5.	The Paddington 456 Sai Yeung Choi Street North Cheung Sha Wan	171,658	Residential	338	99,795	100.00	99,795
6.	The Knightsbridge 22 Shing Fung Road Kai Tak	641,165	Commercial/ Residential	505	455,734	18.00	82,032
7.	Belgravia Place (Phase 1) 1 Berwick Street Cheung Sha Wan	292,686	Commercial/ Residential	279	73,936	100.00	73,936
8.	Miami Quay I 23 Shing Fung Road Kai Tak	318,577	Residential	560	239,709	29.30	70,235
9.	Baker Circle One (Phases 1-3) 38 Gillies Avenue South, 33 Whampoa Street and 18 Bulkeley Street Hung Hom	339,993	Commercial/ Residential	240	62,246	100.00	62,246
10.	Gateway•Square Mile 1 Ka Shin Street Mong Kok	88,368	Commercial/ Residential	164	46,310	100.00	46,310

11.	One Innovale 8 Ma Sik Road, Fanling	612,685	Residential	61	32,595	100.00	32,595
12.	Wellesley 23 Robinson Road Mid-Levels West	156,900 *(Note 1)*	Residential	25	43,422	50.00 *(Note 1)*	21,711
13.	The Harmonie 233 Castle Peak Road Cheung Sha Wan	159,748	Commercial/ Residential	61 *(Note 2)*	21,170 *(Note 2)*	100.00	21,170 *(Note 2)*
14.	The Quinn•Square Mile 5 Sham Mong Road Mong Kok	242,507	Commercial/ Residential	70	19,365	100.00	19,365
15.	The Upper South 71 Main Street Ap Lei Chau	40,318	Commercial/ Residential	47	9,509	100.00	9,509
16.	The Hampstead Reach 8 Ping Kin Lane Yuen Long	27,868	Residential	3	5,427	100.00	5,427
17.	The Royale 8 Castle Peak Road - Castle Peak Bay Tuen Mun	663,062	Residential	34	24,271	16.705	4,054
18.	South Walk•Aura 12 Tin Wan Street Aberdeen	37,550	Commercial/ Residential	14	3,443	100.00	3,443
19.	The Addition 350 Un Chau Street Cheung Sha Wan	79,903	Commercial/ Residential	7	2,536	100.00	2,536
20.	Caine Hill 73 Caine Road	64,116	Commercial/ Residential	8	1,573	100.00	1,573
21.	Aquila•Square Mile 38 Fuk Chak Street Mong Kok	180,427	Commercial/ Residential	8	1,552	100.00	1,552
22.	Arbour 2 Tak Shing Street Tsim Sha Tsui	89,527	Commercial/ Residential	2	1,504	100.00	1,504
23.	The Richmond 62C Robinson Road Mid-Levels West	33,678	Commercial/ Residential	3	1,404	100.00	1,404
24.	Cetus•Square Mile 18 Ka Shin Street Mong Kok	176,256	Commercial/ Residential	5	1,208	100.00	1,208

25.	PARKER33 33 Shing On Street Shau Kei Wan	80,090	Commercial/ Residential	2	1,134	100.00	1,134
26.	Global Gateway Tower 61A-61E and 63 Wing Hong Street Cheung Sha Wan	336,052	Industrial	Not applicable	75,693 *(Note 3)*	100.00	75,693 *(Note 3)*
27.	E-Trade Plaza 24 Lee Chung Street Chai Wan	173,850	Office	Not applicable	58,935 *(Note 3)*	100.00	58,935 *(Note 3)*
28.	Mega Cube 8 Wang Kwong Road Kowloon Bay	171,194	Office	Not applicable	48,622 *(Note 3)*	100.00	48,622 *(Note 3)*
			Total:	**3,863**	**2,040,595**		**1,455,491**

Note 1: The Group has a 25.07% interest in the development project. Some of the residential units were allocated to and held by the Group and another developer on a 50:50 basis.

Note 2: Representing the Group's entitlement for this Urban Renewal Authority project.

Note 3: Representing the saleable area of the office, industrial or shop area.

(Table 2) Projects to be launched for sale in the second half of 2024

The following projects will be launched for sale in the second half of 2024, unless the launch is delayed due to unforeseen circumstances:

	Project name and location	Gross floor area (sq. ft.)	Type of development	No. of residential units	Gross floor area of residential units (sq. ft.)	Interest of the Group (%)	Gross floor area of residential units attributable to the Group (sq. ft.)
1.	8 Castle Road Mid-Levels	472,067	Residential	172	472,067	65.00	306,844
2.	New Kowloon Inland Lot No. 6554, Kai Tak	1,205,061	Commercial/ Residential/ Government facilities	2,060	1,074,563	30.00	322,369
3.	New Kowloon Inland Lot No. 6576, Kai Tak	722,054	Residential	1,590	722,054	30.00	216,616
4.	8 Nam Kok Road Kowloon City	117,994	Commercial/ Residential	313	98,326	76.468	75,188
5.	Parkwood 3 Mei Sun Lane Tai Po	49,069	Commercial/ Residential	122	41,043	100.00	41,043
			Total:	**4,257**	**2,408,053**		**962,060**

(Table 3) Existing Urban Redevelopment Projects

The Group has two existing projects under redevelopment or land-use conversion and the dates of their sales launch have not been confirmed yet. Based on the general building plans approved by the Buildings Department or the Government's latest town planning parameters, these projects are expected to provide units with a total gross floor area of approximately 0.9 million square feet that is attributable to the Group in the urban area. Details of these projects are summarised below:

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

Note: The Government's provisional basic terms offer was accepted in April 2022. The amount of land premium payable is under appeal and will be reassessed by the Government.

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(Table 4) Urban Redevelopment Projects – with 80% to 100% ownership interest acquired

There are 24 urban redevelopment projects with 80% to 100% ownership interest acquired. Based on the general building plans approved by the Buildings Department or the Government's latest town planning parameters, the expected gross floor area attributable to the Group is as follows:

Project name and location	With 100% ownership interest acquired		With more than 80% but less than 100% ownership interest acquired*		
	Site area (sq. ft.)	Expected gross floor area attributable to the Group upon completion of the redevelopment project (sq. ft.)	Site area (sq. ft.)	Expected gross floor area attributable to the Group upon completion of the redevelopment project (sq. ft.)	Total expected gross floor area attributable to the Group (sq. ft.)
Hong Kong					
1. 88 Robinson Road Mid-Levels	11,133	55,666			55,666
2. 94-100 Robinson Road Mid-Levels	12,160	60,783			60,783
3. 105 Robinson Road Mid-Levels	27,530	137,642			137,642
4. 33-39 Elgin Street Mid-Levels	4,944	42,497			42,497
5. 41-47A Elgin Street Mid-Levels	7,457	65,462			65,462
6. 1-4 Ladder Street Terrace Mid-Levels	2,859	13,907			13,907
7. 63 Macdonnell Road Mid-Levels	3,155	13,251			13,251
8. 13-21 Wood Road and 22-30 Wing Cheung Street Wanchai	8,600	86,533			86,533
9. 9-13 Sun Chun Street Tai Hang			2,019	18,171	18,171
10. 17A-25 Sun Chun Street Tai Hang	4,400	47,045			47,045
11. 85-95 Shek Pai Wan Road and 2 Tin Wan Street Aberdeen	4,950	42,075	1,128	10,716	52,791
12. 4-6 Tin Wan Street Aberdeen			1,740	14,790	14,790
13. 983-987A King's Road and 16-22 and 24-94 Pan Hoi Street, Quarry Bay (50% interest is held by the Group)	42,018	218,271			218,271
Sub-total:	**129,206**	**783,132**	**4,887**	**43,677**	**826,809**

Project name and location	With 100% ownership interest acquired: Site area (sq. ft.)	With 100% ownership interest acquired: Expected gross floor area attributable to the Group upon completion of the redevelopment project (sq. ft.)	With more than 80% but less than 100% ownership interest acquired*: Site area (sq. ft.)	With more than 80% but less than 100% ownership interest acquired*: Expected gross floor area attributable to the Group upon completion of the redevelopment project (sq. ft.)	Total expected gross floor area attributable to the Group (sq. ft.)
Kowloon					
14. 16 Kimberley Road Tsim Sha Tsui (Block B, Champagne Court)	12,283	147,396			147,396
15. Projects at 16-30 Man On Street and 173-199 Tai Kok Tsui Road Tai Kok Tsui	22,164	199,286			199,286 *(Note 1)*
16. 24-30 Fuk Chak Street, Tai Kok Tsui (50% interest is held by the Group)			5,600	25,200	25,200
17. Various projects at Gillies Avenue South, Baker Street and Whampoa Street, Hung Hom	55,615	514,956			514,956 *(Note 2)*
18. 68A-76B To Kwa Wan Road, 58-76 Lok Shan Road, 14-20 Ha Heung Road, 1-7 Lai Wa Street and 1-9 and 2-8 Mei Wa Street, To Kwa Wan	42,467	382,201			382,201
19. Bailey Street/Wing Kwong Street Development Project, To Kwa Wan (This project was awarded by the Urban Renewal Authority with a 50% interest held by the Group)	79,718	358,732			358,732
20. 4 Liberty Avenue, Ho Man Tin	4,698	39,709			39,709

21.	1 Berwick Street Cheung Sha Wan (Belgravia Place – Phase 2)	9,358	122,697			122,697
22.	11-19 Wing Lung Street Cheung Sha Wan *(Note 3)*	6,510	58,590			58,590
23.	67-83 Fuk Lo Tsun Road Kowloon City *(Note 3)*	10,954	92,427			92,427
24.	16-20 Temple Street Mong Kok	2,254	13,233			13,233
	Sub-total:	**246,021**	**1,929,227**	**5,600**	**25,200**	**1,954,427**
	Total:	**375,227**	**2,712,359**	**10,487**	**68,877**	**2,781,236**

* *To acquire all the undivided shares in the lots, the majority owner will make an application to the Lands Tribunal for an order for sale of the lots by way of public auction under the Land (Compulsory Sale for Redevelopment) Ordinance. If the Lands Tribunal refuses to make an order for sale, the majority owner may not be able to acquire the remaining undivided shares and proceed with the redevelopment projects.*

Note 1: Part of an urban renewal plan with a total gross floor area of more than 1 million square feet, of which approximately 860,000 square feet is attributable to projects (namely, Eltanin•Square Mile, Cetus•Square Mile, Aquila•Square Mile, The Quinn•Square Mile and Gateway•Square Mile) which have been launched for sale.

Note 2: Part of an urban renewal plan with a total gross floor area of more than 1 million square feet, of which approximately 530,000 square feet is attributable to projects (namely, Baker Circle•Dover, Baker Circle•Euston, Baker Circle•Greenwich and The Haddon) which have been launched for sale.

Note 3: Developable area may be subject to the Group reaching an agreement with the Government on the amount of land premium payable.

(Table 5) Urban Redevelopment Projects – with more than 20% but less than 80% ownership interest acquired

There are 29 redevelopment projects in various urban districts where acquisition of units in existing buildings is ongoing. Upon completion of these redevelopment projects, the total site area attributable to the Group will be approximately 210,000 square feet. For projects with more than 20% and less than 80% ownership interest acquired, if the remaining interest is acquired, the sites will be redeveloped and upon completion, based on the Government's latest town planning parameters, the total gross floor area attributable to the Group will be approximately 1,830,000 square feet. Based on the Group's undivided shares in the lots, the total gross floor area attributable to the Group is approximately 680,000 square feet. However, these redevelopment projects are subject to the successful acquisition of the remaining interest in the relevant lots, which is uncertain.

With the passing of the amendments of the Land (Compulsory Sale for Redevelopment) Ordinance, the thresholds for applications for compulsory sale in certain area/of certain types of properties will be lowered. It is expected that such measures will speed up redevelopment of old buildings.

Land Bank

As at 30 June 2024, the Group had a Hong Kong land bank with a total gross floor area of approximately 23.5 million square feet attributable to the Group, which comprised the following:

		Gross floor area attributable to the Group (million sq. ft.)
Projects pending/under development *(Note)*		11.1
Unsold units of major development projects offered for sale		1.5
	Sub-total:	**12.6**
Completed investment properties (including hotels)		10.9
	Total:	**23.5**

Note: The above includes plots in Hung Shui Kiu and other project sites with a total developable area of approximately 3.8 million square feet attributable to the Group which are subject to reaching an agreement with the Government on the amount of land premium payable.

Land in Urban Areas

In addition to projects scheduled for sales launch as described above, there are some urban redevelopment projects, with 100% or more than 80% ownership interest acquired, available for sale or lease in 2025 and beyond. It is expected that the relevant total gross floor area attributable to the Group from such urban redevelopment projects will be approximately 2.8 million square feet.

As for Site 3 of New Central Harbourfront (Inland Lot No. 9088), which was acquired by the Group in 2021, main contract works are in progress. The lot will be developed in two phases into a 1,600,000-square-foot mixed-use project and over 300,000 square feet of landscaped open space for public use. The Outline Development Plan for this project has been approved by the Town Planning Board. With the scheduled completion of Phase 1 in the fourth quarter of 2026 and Phase 2 in the fourth quarter of 2032, this project is poised to become another landmark in the Central Business District of Hong Kong. This project has been awarded the Provisional Platinum Rating from BEAM Plus (New Buildings), as well as the Platinum Precertification from Leadership in Energy and Environmental Design (LEED). The land premium for the site at Yau Tong Bay is pending reassessment by the Government. This harbourfront development, in which the Group has a 22.8% interest, is expected to be developed into a mixed-use development complex with a total gross floor area of approximately 910,000 square feet attributable to the Group.

New Territories Land

During the first half of 2024, the Group acquired certain land lots in the New Territories. However, the Government resumed certain land lots with a total land area of approximately 1.45 million square feet in Fanling North and Kwu Tung North New Development Areas (including three separate lots in Fanling North, which were eligible for in-situ land exchange but an agreement on the land premium had not been reached before 31 December 2023) for which the Group received cash compensation in the total amount of approximately HK$1,860 million. As at 30 June 2024, the total area of the Group's land reserves in the New Territories amounted to approximately 45.1 million square feet, representing the largest holding among all property developers in Hong Kong:

By District	Land area attributable to the Group (million sq. ft.)
Yuen Long District	26.6
North District	11.8
Tuen Mun District	3.3
Tai Po District and others	3.4
Total:	**45.1**

In May 2024, the Government announced the resumption of land for the implementation of the second phase development of the Hung Shui Kiu/Ha Tsuen New Development Area. The total area of the Group's land holding in Hung Shui Kiu amounted to approximately 6.57 million square feet. Out of such land reserves, a total area of approximately 3.5 million square feet in the Hung Shui Kiu/Ha Tsuen New Development Area ("Relevant Sites") will be resumed by the Government. Based on the cash compensation of HK$1,114 per square foot stated in the gazette notice, the Group expects to receive cash compensation from the Government in the total amount of approximately HK$3,900 million. Assuming that certain legal formalities of the resumption of the Relevant Sites are completed on or before 31 December 2024, the Group is expected to recognise a gain in aggregate of approximately HK$3,100 million from the resumption of the Relevant Sites and the already resumed sites in Fanling North and Kwu Tung North New Development Areas. Such gain will be accounted for in the Group's underlying profit before taxation for the year ending 31 December 2024.

Apart from the land lots in the Hung Shui Kiu/Ha Tsuen New Development Area, which are being resumed by the Government by payment of cash compensation, the Group still has land holding with a total land area of approximately 3.07 million square feet in Hung Shui Kiu. During the first half of 2024, the Group, in conjunction with another landlord, applied for in-situ land exchanges for five land lots in this district. One lot was planned for mixed residential and commercial development, whilst the other lots were planned for commercial development. These sites will provide attributable gross floor area of about 3.4 million square feet in aggregate upon successful completion of the land exchange.

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

In October 2021, the Government promulgated the Northern Metropolis Development Strategy putting forward the proposal of developing the Northern Metropolis into an international innovation and technology hub. It will include the comprehensive San Tin Technopole, comprising the Hong Kong-Shenzhen Innovation and Technology Park at the Loop and the area around San Tin/Lok Ma Chau. The Government further promulgated the North Metropolis Action Agenda 2023 in October 2023 to include the Technopole as part of the Innovation and Technology Zone. Subsequently, in the Draft San Tin Technopole Outline Zoning Plan, the Government announced its plan to resume land from developers for innovation and technology use. The Group, holding an attributable land area of approximately 6.1 million square feet in San Tin of Northern Metropolis, will follow up closely and work in line with this development plan.

Investment Properties

For the six months ended 30 June 2024, the gross rental income in Hong Kong attributable to the Group (including gross rental income attributable to subsidiaries, associates and joint ventures) increased by 3% period-on-period to HK$3,403 million. The net rental income before taxation attributable to the Group (including net rental income before taxation attributable to subsidiaries, associates and joint ventures) also increased by 2% period-on-period to HK$2,512 million. For the International Finance Centre ("ifc") project, in which the Group has a 40.77% interest, the gross rental income attributable to the Group was HK$822 million, representing a period-on-period decrease of 4%).

As at 30 June 2024, the average leasing rate for the Group's major investment properties was 93%.

With the successive completion of The Henderson in Central, as well as the podium malls of various developments (including The Quinn • Square Mile, Baker Circle • Euston and The Knightsbridge), as at 30 June 2024, the Group's completed investment property portfolio in Hong Kong has increased to approximately 10.4 million square feet. Details of the Group's completed investment property portfolio are as follows:

By type	Gross floor area attributable to the Group (million sq. ft.)	Percentage (%)
Shopping arcade or retail	5.6	54
Office	4.0	38
Industrial	0.4	4
Residential and hotel apartment	0.4	4
Total:	**10.4**	**100**

By geographical area	Gross floor area attributable to the Group (million sq. ft.)	Percentage (%)
Hong Kong Island	2.9	28
Kowloon	3.4	33
New Territories	4.1	39
Total:	**10.4**	**100**

In addition, there were about 8,400 car parking spaces held by the Group, which provide the Group with another source of rental income.

Retail portfolio

The Group's retail occupancy rate remained stable and rental rates increased steadily throughout the first half of 2024. For shopping malls in some areas, shoppers' traffic as well as tenants' overall business volume have surpassed 2018 pre-pandemic levels.

In response to changes in the consumption patterns of shoppers and intense competition from neighbouring regions, the Group adopted a customer-centric approach to curate the tenant and trade mix of its malls. The Group also hosted many in-store performance and autograph signing events with artists and installed inflatable playgrounds featuring popular cartoon characters to attract families to its malls. During the summer, the Group launched the Breaking New Ground campaign and hosted a series of Paris Olympics-themed and sports-related activities at its malls. These activities enabled shoppers to show their support for local athletes and immerse themselves in the spirit of the Olympic Games. All these initiatives were well recognised by the industry. The Group's MCP in Tseung Kwan O was awarded the Mall of the Year – Hong Kong by Retail Asia Awards 2024.

The Group's large-scale urban redevelopment project in Hung Hom is being completed in phases. Market response for its 168,000-square-foot shopping mall was satisfactory. A diverse range of lifestyle brands and distinctive food and beverage establishments has already been secured as its tenants. This mall is poised to revitalise the area and give it an appealing new look.

Office portfolio

The subdued leasing demand combined with a large supply pipeline continued to weigh on office rents in Hong Kong. However, the Group's office portfolio continued to deliver resilient performance, with solid occupancy rates.

Benefitting from its prime location in the core of Central and extensive supporting facilities, ifc had a solid tenant base of financial institutions with a consistently high occupancy. The Group's other premium office properties on Hong Kong Island also performed steadily during the first half of 2024 as a result of the Group's strong relationships with tenants. "AIA Tower" in North Point, for instance, continued to record an occupancy rate of over 90%.

Despite intense competition, the Group's office and industrial/office premises in Kowloon East, including Manulife Financial Centre, AIA Financial Centre, 78 Hung To Road and 52 Hung To Road, maintained an overall occupancy rate of about 90% during the first half of 2024 due to their superior building quality and ongoing asset enhancement initiatives.

The Henderson, which was completed in January 2024, is a new landmark in Hong Kong. Designed by the renowned architectural firm Zaha Hadid Architects (ZHA), this 465,000-square-foot Grade-A commercial project strives to offer a superior, smart office experience to its tenants by blending art, innovation and sustainability. For instance, the office lobby features the *Balloon Swan (Red)* sculpture by internationally acclaimed contemporary artist Jeff Koons. The first sculpture park by ZHA in Asia will also be created in the public space outside the building, providing a unique green recreational space for the community. The Henderson has already garnered a number of international awards and accolades such as SmartScore, Wiredscore, and Platinum Pre-certification in both WELL Building Standard (WELL) and Leadership in Energy and Environmental Design (LEED). The Group also won the Business Leadership in Sustainability Award at the World Green Building Council (WorldGBC) Asia Pacific Leadership in Green Building Awards for The Henderson. As a result, The Henderson is highly sought-after by world-renowned industry-leading firms as tenants, including Christie's, a world-leading art and luxury auction business setting up its new Asia Pacific headquarters in the building; Carlyle, a leading global investment firm; and Audemars Piguet, a Swiss fine watchmaking manufacturer. At the end of June 2024, the committed leasing rate of the leaseable floors of The Henderson was close to 60%. Tenants have already moved in progressively and The Henderson has started to bring in rental contribution.

Construction

The Group has always been committed to achieving excellence in all its property development projects. During the first half of 2024, the project at 8 Castle Road in Mid-Levels and Baker Circle in Hung Hom were both accredited as 5-Star winners in the Asia Pacific Property Awards 2024-2025. Various residential developments of the Group also received accolades in the relevant categories of this prestigious award programme. In addition, the Solar Responsive Ventilator (a patented design developed for The Henderson) received the Gold Award in the Build4Asia Awards 2024.

The Group continuously uses innovative technologies and state-of-the-art materials to further enhance the construction quality of its projects. Following its successful development of an award-winning bio-inspired silicone sealant, the Group has been developing an Artificial Intelligence Fire Detection System to ensure fire safety at its construction sites. 3D scanning tools, which enable the Group to obtain precise measurements of building dimensions, are also being used to enhance the efficiency and quality of fitting-out works. The Group is also committed to site safety. All the Group's construction sites will participate in the Government's Smart Site Safety System Labelling Scheme.

The following development projects in Hong Kong were completed during the first half of 2024:

	Project name and location	**Site area (sq. ft.)**	**Gross floor area (sq. ft.)**	**Type of development**	**Interest of the Group (%)**	**Gross floor area attributable to the Group (sq. ft.)**
1.	The Henderson 2 Murray Road, Central	31,000	465,005	Office	100.00	465,005
2.	8 Castle Road Mid-Levels	52,451	472,067	Residential	65.00	306,844
3.	The Quinn • Square Mile 5 Sham Mong Road Mong Kok	26,953	242,507	Commercial/ Residential	100.00	242,507
4.	The Knightsbridge 22 Shing Fung Road Kai Tak	105,110	641,165	Commercial/ Residential	18.00	115,410
5.	Baker Circle • Euston (Phase 2 of Baker Circle One) 33 Whampoa Street Hung Hom	11,623	110,371	Commercial/ Residential	100.00	110,371
					Total:	**1,240,137**

Property Management

The Group's property management companies consist of Hang Yick Properties Management Limited, Well Born Real Estate Management Limited, H-Privilege Limited (which provides services to the Group's urban boutique residences under The H Collection brand) and Goodwill Management Limited. By managing over 84,000 apartments and industrial/commercial units, 10 million square feet of shopping and office space, as well as 20,000 car parking spaces collectively in Hong Kong, these companies hold leading positions in the industry.

The property management companies follow the Group's commitment to continuously enhancing its service quality and maintaining an eco-conscious approach. They have implemented an Integrated Management System, which complies with the requirements of ISO 9001 (Quality Management System), ISO 10002 (Complaints Handling Management System), ISO 14001 (Environmental Management System) and ISO 45001 (Occupational Health and Safety Management System). These four property management companies have received numerous accolades, including Hong Kong Top Service Brand and Q-Mark Service Certification for their outstanding performance.

As for community services, the property management companies continued to collaborate with GDCD Association to organise an array of activities to promote sports and environmental protection. Their volunteer teams also actively participated in various charitable events and received the awards of the Top Ten Highest Volunteer Hours and Excellence Gold in the category of Corporate & Commercial Organisation (Volunteer Hours), as well as Top 10 Caring Estates at the Hong Kong Volunteer Award 2023.

Mainland China

During the first half of 2024, the Central People's Government maintained its relaxing stance towards the real estate industry and implemented a series of demand-side optimisation measures focusing on "generating demand" and "destocking" to boost market confidence. Stimulated by such policies and the need for better living conditions, market sales of housing units turned more active across the country. However, the residential property market continued on an adjustment trend, whilst no sustained and significant improvement was noticeable in the sales of the developers' newly built housing units. The land market also remained sluggish. The effectiveness of stabilising the property market still needs the various measures to continue adding stimulants.

The following development projects were completed during the first half of 2024:

	Project name	**Usage**	**Interest of the Group (%)**	**Gross floor area attributable to the Group (million sq. ft.)**
1.	The Landscape, Changsha (Phase 5 (fourth batch))	Residential	50	0.20
2.	CIFI Centre, Chengdu (Phases 1 and 4 (second batch))	Residential, Office and Commercial	50	1.35
3.	Xindu Project, Chengdu (Phase 2)	Residential	50	0.45
4.	Shijie Project, Dongguan (Phase 1)	Residential and Commercial	50	0.08
5.	Chancheng Project, Foshan (Phase 1)	Residential	50	0.25
6.	Dongxiwu Project, Wuhan (Phase 1)	Residential	50	0.15
			Total:	**2.48**

The Group's mainland China strategy is as follows:

Property Investment: The Group focuses on the development of Grade-A office buildings. During the first half of 2024, the Group deployed its resources to promote leasing of its two recently completed large-scale projects, namely, Lumina Guangzhou in Yuexiu District, Guangzhou and Lumina Shanghai in the Xuhui Riverside Area, Shanghai. Remarkable results were achieved, adding considerable rental contributions to the Group's property portfolio. The promotion effort advanced the leasing rates of the 970,000-square-foot Grade-A office twin towers at Lumina Guangzhou and the 1,000,000-square-foot Lumina Shanghai II both to over 80% at the end of June 2024. As tenants are moving in progressively, the Group's rental income is poised to further increase, providing steady growth momentum for its recurring income.

Property Development: The Group focuses on residential and composite development projects in first-tier and leading second-tier cities, as well as new development opportunities brought by the Greater Bay Area strategic plan.

As at 30 June 2024, in addition to its holding of approximately 2.0 million square feet in attributable gross floor area of completed property stock, the Group held a development land bank in 15 cities with a total attributable gross floor area of about 14.48 million square feet. Around 73% of the land bank is planned for residential development:

Land bank under development or held for future development

	Estimated developable gross floor area attributable to the Group* (million sq. ft.)
First-tier cities	
Beijing	0.05
Shanghai	0.42
Guangzhou	1.65
Shenzhen	0.21
Sub-total:	**2.33**
Second-tier cities	
Changsha	0.05
Chengdu	4.16
Chongqing	0.65
Dongguan	0.35
Foshan	0.46
Shijiazhuang	3.61
Suzhou	0.17
Tianjin	0.64
Wuhan	0.55
Xian	1.45
Xuzhou	0.06
Sub-total:	**12.15**
Total:	**14.48**

Usage of development land bank

	Estimated developable gross floor area attributable to the Group* (million sq. ft.)	Percentage (%)
Residential	10.61	73
Office	2.02	14
Commercial	1.49	10
Others (including clubhouses, schools and community facilities)	0.36	3
Total:	**14.48**	**100**

* *Excluding basement areas and car parks.*

Property Sales

Compared with the same period last year, fewer pre-sold residential units were completed and delivered to buyers during the first half of 2024. Revenue attributable to the Group's property development in mainland China as recognised in the financial statements for the period under review amounted to RMB2,588 million (equivalent to approximately HK$2,851 million), representing a period-on-period decrease of 10% in Renminbi terms. The loss before taxation amounted to RMB25 million (equivalent to approximately HK$28 million), as compared with the profit before taxation of RMB614 million (equivalent to approximately HK$696 million) for the same period last year.

During the first half of 2024, contracted sales attributable to the Group decreased by 48% period-on-period to approximately RMB1,827 million, which was equivalent to approximately HK$2,013 million, representing approximately 1.2 million square feet in attributable gross floor area, with a period-on-period decrease of 49%. Major sales projects included Changan project in Shijiazhuang, Panyu project in Guangzhou, La Botanica in Xian, Dongli project in Tianjin, as well as Xindu project and CIFI Centre in Chengdu.

At the end of June 2024, attributable contracted sales of approximately HK$7,423 million are yet to be recognised in the accounts, of which approximately HK$4,896 million is expected to be recognised in the second half of 2024 upon completion of development and handover to buyers.

Investment Properties

At the end of June 2024, the Group's completed investment property portfolio in mainland China amounted to approximately 13.0 million square feet in attributable terms, the details of which are as follows:

By type	Gross floor area attributable to the Group* (million sq. ft.)	Percentage (%)
Office	9.2	71
Commercial	3.8	29
Total:	**13.0**	**100**

By geographical area	Gross floor area attributable to the Group* (million sq. ft.)	Percentage (%)
Beijing	2.2	17
Shanghai	6.9	53
Guangzhou	2.5	19
Other	1.4	11
Total:	**13.0**	**100**

* *Including lettable areas in the basement.*

Market rents in the Mainland have been under pressure because of the cost controlling measures taken by corporate tenants to enhance efficiency, as well as the increase in market supply. However, driven by the additional rental income from the recently completed large-scale investment properties (including both Lumina Guangzhou and Lumina Shanghai), the Group's leasing business remained stable during the first half of 2024 and its gross rental income increased by 1% period-on-period in Renminbi terms. After taking into account the 3% period-on-period depreciation of Renminbi against Hong Kong Dollar, gross rental income attributable to the Group decreased period-on-period by 1% to HK$1,043 million. Meanwhile, net rental income before taxation attributable to the Group increased by 1% period-on-period to HK$764 million during the first half of 2024.

In Beijing, World Financial Centre in Chaoyang Central Business District has a steady leasing rate maintained at about 80% at the end of June 2024. With its reputable building quality, this international Grade-A office complex continued to attract leasing interests from many discerning corporations.

In Shanghai, the leasing rates of Henderson 688 in Nanjing Road West business hub and Greentech Tower adjacent to the Shanghai Railway Station were both 94% at the end of June 2024. Henderson Metropolitan near the Bund achieved a leasing rate of 93%. The leasing rates of Grand Gateway II atop the Xujiahui subway station and the joint-venture project in the Middle Huaihai Road business hub were both over 80%. Centro was affected by the growing competition among the nearby commercial developments and had a leasing rate of about 70%. In addition, the market response for the recently-completed Lumina Shanghai at the Xuhui Riverside Area was satisfactory. Xuhui Riverside is one of the key riverside development projects under the Shanghai 14th Five-year Plan, as well as the current landmark area of Shanghai in cultural, media and digital technology development. The 61-storey iconic office tower of Phase 1 development at Lumina Shanghai, which boasts direct connection to Longyao Subway Station, provides approximately 1,800,000 square feet of Grade-A office space and gives new impetus to the Group in sustaining income growth. Various multinational corporations have already moved in, whilst Samsung Property & Casualty Insurance was also secured as a tenant during the first half of 2024. Many popular restaurants were added to its 200,000-square-foot shopping mall so as to give customers a diversified dining experience. The neighbouring 1,000,000-square-foot Phase 2 development, namely, Lumina Shanghai II, housed many renowned automotive corporations and BMW has recently taken up more spaces. Ernst & Young, a renowned accounting firm, was also secured as its tenant. The leasing rate of this development exceeded 80% by the end of June 2024.

In Guangzhou, Lumina Guangzhou, an integrated development atop the Haizhu Square interchange station of two subway lines, is strategically located in this core city of the Guangdong-Hong Kong-Macao Greater Bay Area. Commanding magnificent river views with its close proximity to the Pearl River, this project attracted many leading multinational corporations and local enterprises as its tenants. Its twin towers, which provide a total of about 970,000 square feet of Grade-A office space, had a leasing rate of more than 80% at the end of June 2024. As for its 900,000-square-foot shopping podium and underground commercial area, movie theatres and specialty eateries have opened successively. Hengbao Plaza, atop the Changshou Road subway station, continued to refine its tenant mix to enhance its attractiveness and a leasing rate of 70% was recorded.

Property Management

During the first half of 2024, Shanghai Starplus Property Management Co., Ltd. ("Starplus") took over the management of Lumina Shanghai and provided property pre-management consultancy services to the Pudong project in Shanghai. Together with other well-managed properties added to its portfolio over the years (including Henderson 688, Henderson Metropolitan, Greentech Tower, Centro and Lumina Shanghai II in Shanghai, World Financial Centre in Beijing, as well as Lumina Guangzhou in Guangzhou), Starplus manages in total about 13,670,000 square feet of building space, including 5,100 car parking spaces in mainland China.

In order to ensure that the best service is provided to all properties under its management, Starplus has adopted management practices and professional accreditation principles which comply with the requirements of ISO 9001 (Quality Management System), ISO 14001 (Environmental Management System), ISO 45001 (Occupational Health and Safety Management System), ISO 10002 (Complaints Handling Management System) and ISO 50001 (Energy Management System). Its commitment to professionalism has also been extended to the properties under its management. Its property management teams are dedicated to maintaining the highest standards of quality, health, safety and environmental stewardship in all aspects of their services and daily operations.

During the first half of 2024, Starplus received the Health and Safety Leadership Award from the International WELL Building Institute, as well as the designation as 2023 Leading Enterprise for Shanghai Commercial Properties from the China Index Academy. Various properties under its management (namely, World Financial Centre, Henderson 688, Henderson Metropolitan, Greentech Tower, Centro, Lumina Shanghai II and Lumina Guangzhou) also received the Gold Seal for Contribution to Sustainable Property — Promote Hygiene and Health (Mainland) from the Hong Kong Quality Assurance Agency. All these awards are testimony to the Group's commitment to service excellence and customer satisfaction.

Henderson Investment Limited ("HIL")

HIL's (unaudited) loss attributable to equity shareholders for the six months ended 30 June 2024 amounted to HK$69 million, as compared with the loss of HK$18 million recorded in the corresponding period of last year. The loss is mainly attributable to the fall in retail sales of HIL due to the growing trend of outbound tourism, and cross-border consumption and shopping.

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

(I) Citistore

Citistore, affected by unfavourable market conditions, recorded a period-on-period decrease of 13% in the aggregate sales proceeds from the sales of own goods, consignment sales and concessionaire sales for the six months ended 30 June 2024.

During the first half of 2024, Citistore's sales of own goods decreased by 10% period-on-period to HK$146 million with a gross margin of 31%. The decrease in sales and margin was mainly due to intensified price competition in the sluggish retail market.

During the first half of 2024, due to the decrease in the aggregate sales proceeds from consignment and concessionaire sales, the total commission income from such sales decreased by 13% period-on-period to HK$155 million.

After deducting its operating expenses, Citistore recorded a loss after taxation of HK$11 million for the six months ended 30 June 2024, as compared with a profit after taxation of HK$41 million for the same period last year.

(II) Unicorn

Despite adverse market conditions, sales of own goods and consignment sales for the six months ended 30 June 2024 remained largely flat at HK$587 million. This was mainly due to the increased sales from APITA after the completion of a major renovation project in late 2023.

After deducting its operating expenses, Unicorn recorded a loss after taxation of HK$53 million for the six months ended 30 June 2024 (2023: HK$54 million).

Looking ahead, the business environment of Hong Kong's retail sector is expected to remain challenging. Hence, HIL is conducting a thorough review of the performance of its stores. This effort aims to streamline HIL's store network and optimise the deployment of its resources in improving business performance and enhancing operational efficiency. In addition, HIL has entered into an agreement with a wholly-owned subsidiary of its parent company - Henderson Land Development Company Limited for the integration of their respective membership loyalty programmes, CU APP and H˙COINS, by the end of 2024. The integration will increase the member base and create a stronger incentive for members, who will be able to earn points across both programmes and gain access to a wider range of benefits and rewards, to shop in and patronise HIL's stores. In the long run, such integration is expected to boost sales and shoppers' traffic for HIL's stores. Together with the ongoing consolidation of the merchandise sourcing and back office functions of Citistore and Unicorn, HIL's operational efficiency and cost effectiveness are expected to be further improved.

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

Miramar's revenue for the six months ended 30 June 2024 amounted to HK$1,401 million (2023: HK$1,142 million), representing an increase of 22.7% against the corresponding period last year. Profit for the period was HK$400 million (2023: HK$393 million) with a moderate year-on-year increase of 1.8%. Excluding the revaluation loss on fair value of investment properties of HK$17.8 million, the underlying profit attributable to shareholders slightly decreased by 0.5% to HK$398 million (2023: HK$400 million).

Hotels and Serviced Apartments Business

The occupancy rate of both The Mira Hong Kong and Mira Moon exceeded 90% during the first half of 2024, reaching 91.6% and 94.6% respectively, with the average room rate also increased by 8.3% and 2.8% respectively. Consequently, the revenue from room rental business of The Mira Hong Kong and Mira Moon climbed by 9.7% and 2.6% respectively, and the food and beverage business of The Mira Hong Kong also reported a growth of 16.5% over the same period last year. The overall revenue from the hotels and serviced apartment business for the period increased to HK$296.9 million compared with the same period last year, and earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to HK$75.4 million. Their growth rates were 11.1% and 15.1%, respectively, as compared to the revenue of HK$267.2 million and EBITDA of HK$65.5 million for the same period last year.

Property Rental Business

In respect of office buildings, Miramar made major adjustments to its leasing portfolio. This involved carefully considering the background and business nature of tenants to enhance the stability of the tenant base. Besides, Miramar increased the proportion of semi-retail tenants to diversify the vacancy risk arising from the relocation of single tenants, as well as divided large office spaces into smaller units to boost the rental return per square foot. Turning to the shopping mall business, through collaborations with the Hong Kong Government and local community groups, Miramar enhanced the accessibility and connectivity of Mira Place. The revenue from Miramar's property rental business remained stable at HK$401.2 million during the period, while EBITDA recorded a profit of HK$340.4 million, compared with revenue of HK$398.9 million and EBITDA of HK$349.0 million in the same period last year.

Food and Beverage Business

During the period, the revenue of Miramar's Chinese cuisine business was comparable to the previous year, while the western cuisine and new brand restaurant operations performed in line with expectations. The festival food segment registered robust growth, with both sales volume and value reaching record highs. The total revenue grew by 34% to HK$16.6 million. During the period, the overall revenue from Miramar's food and beverage business rose by approximately 3.0% from the same period last year to HK$142.8 million with an EBITDA profit of HK$0.03 million, compared to revenue of HK$138.6 million and EBITDA profit of HK$15.7 million in the same period last year.

Travel Business

During the period, revenue from travel business amounted to HK$560.0 million with EBITDA of HK$40.1 million, representing an increase of 66.0% and 283.2% as compared with revenue and EBITDA of HK$337.4 million and HK$10.5 million in the same period last year, respectively.

Associated Companies

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

HKCG's core operating profit for the six months ended 30 June 2024 amounted to HK$3,186 million, an increase of HK$69 million, up by 2%, compared to the same period last year. Taking into account the non-operating gains and losses, HKCG's unaudited profit after taxation attributable to shareholders for the six months ended 30 June 2024 amounted to HK$3,040 million, a decrease of HK$574 million, down by 16%, compared to the same period last year.

HONG KONG GAS BUSINESS

In the first half of 2024, gas sales volume in Hong Kong reached 14,932 million MJ (equivalent to approximately 430 million cubic metres of natural gas), which was essentially on par with the same period last year. Gas appliance sales volume increased by 1.4% compared to the same period last year. As at 30 June 2024, the number of customers was approximately 2.03 million, an increase of 7,678 from the end of 2023. The gas tariff was increased by 4.8% on 1 August 2024. The fixed monthly maintenance charge, which had been frozen for 26 years, was also increased by HK$0.5. During the period, Towngas developed Hong Kong's first green hydrogen pilot project at a landfill in Tseung Kwan O, utilising biogas. The project is expected to commence production in 2025, with a daily production capacity of about 330 kg of hydrogen, sufficient to power seven to eight hydrogen buses for a day's mileage.

MAINLAND BUSINESSES

HKCG successfully seized development opportunities in the "new trio" industries (namely electric vehicles, lithium batteries, and photovoltaic products). Combined with its efforts to develop "Gas+" services, focusing on developing high-quality industrial customers and energy trusteeships for public institutions, industrial gas consumption grew by 3% in the first half of the year. Commercial gas consumption also saw a robust growth of 9%. During the period, HKCG's total gas sales volume for the city-gas business was approximately 18,600 million cubic metres, an increase of 7% compared to the same period last year. The number of gas customers increased to over 41.39 million, a growth of 7.3% compared to the same period last year. Including the subsidiary Towngas Smart Energy Company Limited ("Towngas Smart Energy"; stock code: 1083), as at the end of June 2024, HKCG had a total of 321 city-gas projects in mainland China.

Since the formal establishment of HKCG's gas source business segment last year, cooperation with the three major oil companies, PipeChina, and large regional energy companies has progressed steadily, with strategic cooperation agreements being signed. In the first half of this year, the total coordinated gas volume reached 1,900 million cubic metres. At the same time, benefiting from the decline in upstream natural gas prices, the average city-gas dollar margin in the first half of 2024 steadily climbed to RMB0.5 per cubic metre, an increase of RMB0.05 per cubic metre compared to the same period in 2023.

HKCG utilised the gas storage facility in Jintan District, Changzhou City, Jiangsu Province, to implement interchangeable and interconnected delivery forms of pipeline gas and liquefied natural gas, further enhancing the resilience of the gas supply chain and improving infrastructure efficiency. In May this year, HKCG's contingency peak-shaving storage and distribution base (Phase I) project in Weiyuan County, Sichuan Province, officially commenced operations. It can export to areas such as Hubei and Jiangxi, achieving cross-regional sales. During the period, a "Strategic Cooperation Agreement on Deepening New Energy Projects" was signed with the Weiyuan County Government in Sichuan Province. Both parties will further cooperate in areas such as shale gas-based hydrogen production, helium extraction, and distributed energy.

HKCG's water and environmental sanitation business saw steady profit growth during the period, with water sales volume and sewage treatment volume increasing by 1.4% and 5.9% respectively compared to the same period last year, while waste treatment volume increased by 13.7%.

RENEWABLE ENERGY BUSINESS

Building on the advantage of having over 400,000 industrial customers in mainland China, HKCG actively promotes the widespread application of renewable energy in line with national policies. In particular, HKCG is vigorously deploying energy storage business development. Through storing surplus photovoltaic electricity and providing integrated energy services encompassing "photovoltaics, storage, sales, and operation and maintenance", HKCG fully unlocks the value of photovoltaic assets, bringing profit potential. As HKCG continues to promote "Energy as a Service" (EaaS), facilitating energy management for industrial customers and generating stable income, these services are gradually demonstrating competitive advantages. HKCG's renewable energy business recorded a profit last year, and saw a substantial profit increase in the first half of this year. HKCG now has the capacity to invest in, construct, and operate gigawatt-scale photovoltaic power stations, forming a high-growth, one-stop smart carbon reduction ecosystem platform. Since late 2023, HKCG has been operating its renewable energy business with an asset-light model, and by the first half of 2024, it had successfully introduced multiple strategic investors to its photovoltaic projects.

As at 30 June 2024, Towngas Smart Energy had signed contracts in an aggregate amount of 3.3 GW photovoltaic capacity and connected 2.1 GW to the grid. Overall revenue increased by 6.3% to HK$10,501 million compared to the same period last year. Core operating profit saw a substantial increase of 57.5% to HK$707 million (an increase of 63.3% in RMB terms).

EXTENDED BUSINESSES

To date, HKCG has over 41 million and 2 million household users in mainland China and Hong Kong respectively. Building on the foundation of providing high-quality city-gas services, HKCG also sells high-quality gas appliances and kitchen cabinets, and promotes the home insurance business. Under the country's strong push for policies to replace old consumer goods with new ones, these 43 million users, plus over 2 million new customers each year, will undoubtedly bring greater business opportunities for HKCG. To this end, HKCG has integrated its mainland brand Towngas Lifestyle and Hong Kong retail business, and extended three core businesses – smart kitchens, insurance, and home safety – based on its gas business foundation, creating synergies and forming a growth engine. HKCG has launched the Towngas Lifestyle Smart Alarm Platform, leveraging the advantages of advanced digital platforms to provide "product + platform + service" solutions. During the period, Towngas Lifestyle signed a cooperation framework agreement with FSE Nova (China) Company Limited to provide more diversified insurance services to customers.

GREEN ENERGY BUSINESS

There is a global focus on sustainable aviation fuel ("SAF") and green methanol, making them rapidly growing markets. EcoCeres, Inc., in which HKCG holds shares, converts biomass waste into a wide range of biofuels, biochemicals, and biomaterials. EcoCeres has commercial production capabilities for hydrogenated vegetable oil (HVO) and SAF. Through enhanced technological research and development and capacity improvement, it successfully increased the production capacity and output proportion of SAF in the first half of this year. EcoCeres' new plant in Malaysia is expected to be completed by the end of 2025. HKCG's green methanol production plant in the Inner Mongolia Autonomous Region is expected to increase its production capacity to 120,000 tonnes per year in the coming years. The project has successfully obtained the ISCC EU and ISCC PLUS certifications for three consecutive years. Building on the delivery of the first batch of green methanol to overseas customers last year, it will supply green methanol to more customers this year.

HKCG expect gas sales in Hong Kong to remain stable in 2024. The increase in standard gas tariff and monthly maintenance charge in August will help offset some cost increases and be used for investments. In mainland China, HKCG expects its city-gas and natural gas businesses to continue growing in the second half of the year. The renewable energy business will also continue to expand as the country advances towards its dual carbon goals. HKCG anticipates more new projects to be completed in the second half of the year, bringing increased profits and becoming one of the important pillars of its future business development.

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

Hong Kong Ferry's unaudited consolidated net profit after taxation for the six months ended 30 June 2024 amounted to HK$87.5 million, which was in line with that for the corresponding period in 2023. Excluding the fair value change of the investment properties, Hong Kong Ferry's underlying profit attributable to shareholders for the period under review was HK$85.5 million, representing an increase of 28% from the same period last year. During the period under review, Hong Kong Ferry's operating profit was mainly derived from the rent of shops and commercial arcades as well as interest income from banks. Hong Kong Ferry had no borrowings.

Property Development and Investment Operations

The gross rental income during the period under review arising from Hong Kong Ferry's shops and commercial arcades amounted to HK$63 million, an increase of 6% as compared with the same period last year. At the end of the reporting period, the commercial arcades of Shining Heights, The Spectacle and Metro6 were fully let, and the occupancy rates of Green Code Plaza and Metro Harbour Plaza were 72% and 95% respectively. The increase in gross rental income and change of the occupancy rates were mainly attributed to the change in tenant mix. During the first half of 2024, two residential units of "The Royale" in Tuen Mun were sold. The remaining residential units and car parking spaces will be offered for sale. Hong Kong Ferry's redevelopment project "The Symphonie" in Cheung Sha Wan provides a residential gross floor area of about 100,698 square feet. The certificate of compliance was obtained in November last year. The interior fitting-out works are basically completed. Preparations for strata sale or rent will soon be in place.

Ferry, Shipyard and Related Operations

During the period under review, the Ferry, Shipyard and Related Operations recorded a deficit of HK$3 million, a decrease of 23% as compared to the deficit in the same period last year. This was mainly due to the increase in fare for operating the "North Point – Kwun Tong" dangerous goods vehicular ferry service since 28 January 2024 approved by the Transport Department, as well as the sustained recovery of Hong Kong's tourism industry, which has helped to boost Harbour Cruise – Bauhinia business.

Healthcare, Medical Aesthetic and Beauty Services

The number of customers of the “AMOUR” medical aesthetic clinic located at Mira Place, Tsim Sha Tsui, with a floor area of about 12,000 square feet, has increased continuously since its opening. For the six months ended 30 June 2024, the turnover had increased by 280% compared with the same period last year. As at 30 June 2024, HK$12 million was recorded as payments received for prepaid packages, which in accordance with standard accounting practices had not been included in the income statement of the period under review. In addition to collaborating with ICON, an international cancer care medical group, to set up a cancer centre at H Zentre in Tsim Sha Tsui, Hong Kong Ferry has also established in the same building the “Total HealthCare Specialists Centre”, which provides specialised services in cardiology, surgery, orthopedics, plastic surgery, rheumatology and urology. The performance has been steadily on the rise and net profits have continued to be recorded during the period. During the period, Hong Kong Ferry launched its pain treatment business and provided services at Mira Place, Tsim Sha Tsui, and Metro Harbour Plaza, Tai Kok Tsui respectively. Hong Kong Ferry introduced advanced medical equipment in conjunction with professional registered chiropractors and sports therapists, to design personalised treatment plans for pain-suffering patients, which services were well received.

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

Sunlight Real Estate Investment Trust ("Sunlight REIT")

For the twelve months ended 30 June 2024 ("**Reporting Period**"), Sunlight REIT's revenue grew 6.0% year on year to HK$830.2 million, mainly attributable to the full-year contribution from West 9 Zone Kids ("**W9Z**"). Property operating expenses increased 14.4% to HK$182.2 million (or 8.1% if stripping out the operating costs of W9Z), reflecting lower fiscal concessions as compared with the previous year. Net property income came in at HK$648.0 million, up 3.9%, with a cost-to-income ratio of 21.9%. Given a higher interest rate environment and the additional borrowings relating to the acquisition of W9Z, finance costs rose 68.6% to HK$223.0 million for the Reporting Period. Taking into account the decrease in fair value of investment properties of HK$117.2 million, a profit after taxation of HK$159.2 million was reported, versus a loss after taxation of HK$28.4 million for the corresponding period a year earlier.

At 30 June 2024, the overall portfolio occupancy rate was 91.6% (30 June 2023: 93.3%), while the corresponding figures of the office and retail portfolios were 91.3% and 92.2% respectively (30 June 2023: 93.1% and 93.5%). Average passing rents of the office and retail portfolios were HK$33.6 per square foot and HK$66.7 per square foot respectively as compared with HK$34.6 per square foot and HK$65.6 per square foot a year ago.

For the Reporting Period, the office portfolio recorded a negative rental reversion of 1.6%, while that of the retail portfolio was a positive 1.6%, giving rise to a positive rental reversion of 0.3% for the overall portfolio. The occupancy rate of Dah Sing Financial Centre ("**DSFC**") at 30 June 2024 stayed largely unchanged at 90.2% (30 June 2023: 90.4%). Passing rent was down 5.0% to HK$39.7 per square foot, versus HK$41.8 per square foot a year ago. On the Kowloon side, Righteous Centre performed reasonably well during the Reporting Period with an occupancy rate of 96.7% at 30 June 2024. The Harvest was affected by certain non-renewing tenancies in the first half of 2024, resulting in a lower occupancy rate of 87.8%.

Regarding the performance of the retail portfolio, Metro City Phase I Property recorded an occupancy rate of 93.9% at 30 June 2024, while passing rent was HK$54.2 per square foot. Meanwhile, the occupancy rate of Sheung Shui Centre Shopping Arcade was 90.5%, principally attributable to a prolonged rent void period to identify a replacement kindergarten tenant. Passing rent was HK$104.8 per square foot. In the case of W9Z, given the prevailing market sentiment, its occupancy rate was 80.4%, reflecting the longer than expected process of optimising tenant composition.

In the second half of 2024, the leases of approximately 17.3% of office gross rentable area ("**GRA**") and 29.4% of retail GRA will be due for expiry, with average unit rents for the expiring office and retail leases at HK$30.9 per square foot and HK$62.8 per square foot, respectively. In addition, there will be a rent review for a major tenant of DSFC during the period. In all, it is envisaged that office rents (having taken into consideration the rent review as mentioned above) will be under greater pressure as compared to the retail portfolio. The bright spot in an otherwise challenging environment is that the average portfolio occupancy should continue to stay at a reasonably high level in the foreseeable future.

CORPORATE FINANCE

The Group has always adhered to prudent financial management principles. As at 30 June 2024, net debt amounted to HK$71,023 million (31 December 2023: HK$73,869 million) and the financial gearing ratio was 22.0% (31 December 2023: 22.6%).

The Group is committed to environmental protection in its property development projects and has received wide recognition for its achievements. Numerous world-class sustainability awards, certifications and professional accreditations were bestowed by various international and local professional rating agencies. Since 2020, green credit and sustainability loan facilities exceeding HK$50,000 million have been secured with favourable terms. Among them was a Social Loan, which was the first of its kind ever obtained by a property developer in Hong Kong. Under the terms of the loan, the Group is required to fulfill its social responsibility and realise its broader 2030 Sustainability Vision. In addition, the Group signed a Green and Sustainability Strategic Co-operative Agreement with a bank which provides the Group with a line of green and sustainability credit of no less than RMB30,000 million. The above demonstrates that the Group's prime credit standing and environmental contributions are well received by the international financial community.

Notwithstanding the strong capital base and abundant internal resources, as well as ample standby banking facilities, the Group has continuously issued medium term notes, seven-year Japanese Yen loans and six-year Renminbi loans with total amount increased to HK$43,800 million in recent years to diversity its loan portfolio. In addition, shareholder's loans to the Group, which have always been the Group's stable source of funding, amounted to HK$64,758 million as at 30 June 2024 (31 December 2023: HK$62,448 million).

Sustainability

During the first half of 2024, the Group achieved a number of corporate recognitions in sustainability. The Group won Developer of the Year – Hong Kong award for the second time in a row at the esteemed Real Estate Asia Awards 2024, recognising the most innovative real estate developments in Asia Pacific. As innovation is prioritised in all its projects, the Group is honoured to be awarded the Global and Hong Kong Most Innovative Knowledge Enterprise (“MIKE”) Awards for the fourth consecutive year. The Group also received the Outstanding Sustainability Award for listed companies in the real estate sector at the Outstanding ESG Green Development and Carbon Neutrality Award launched in Hong Kong this year, as well as the designation as the Top Ten Developer in Hong Kong at the BCI Asia Awards 2024.

The Group has achieved significant milestones in paving the way to net zero. To demonstrate its leadership in the sustainability space, the Group has made further science-based target commitments in setting net zero targets, in line with the objectives of the Paris Agreement.

These recognitions showcase the Group’s ongoing commitment in its focus areas. The Group will continue to shape a sustainable future for this city based on its G.I.V.E sustainability strategy.

PROSPECTS

A high interest rate environment, geopolitical tensions and the trend of Hongkongers to “head north” across the border for shopping and entertainment have adversely affected the Hong Kong economy. However, the Central People’s Government has recently announced a series of policies to support the financial and economic development of Hong Kong, including measures to further expand the mutual access between the capital markets of the Mainland and Hong Kong and to listing of leading Mainland enterprises in Hong Kong. All these measures will enhance Hong Kong’s status as an international financial centre over the long term. In addition, interest rates are expected to be adjusted downward in the second half of this year, which will bode well for the overall economy, as well as the property market in Hong Kong.

During the first half of 2024, the Government announced the resumption of certain land lots from the Group for the implementation of the second phase development of the Hung Shui Kiu/Ha Tsuen New Development Area. The Group expects to receive cash compensation from the Government in the total amount of approximately HK$3,900 million. Assuming that certain legal formalities of the resumption of the Relevant Sites are completed on or before 31 December 2024, the Group is expected to recognise a gain in aggregate of approximately HK$3,100 million from the resumption of the Relevant Sites and the already resumed sites in Fanling North and Kwu Tung North New Development Areas. Such gain will be accounted for in the Group’s underlying profit before taxation for this financial year.

Apart from certain land lots in Hung Shui Kiu/Ha Tsuen New Development Area, which will be resumed by the Government by payment of cash compensation, the Group still has land reserves in the New Territories of about 41.6 million square feet which continue to be the largest holding among all property developers in Hong Kong. As regards urban redevelopment projects with 80% to 100% ownership interest acquired, there is a total of 24 projects with an expected total gross floor area of about 2.8 million square feet attributable to the Group. The Group has built up a substantial land bank, which is sufficient for the Group’s property development in the years to come.

As regards “**property sales**”, the Group plans to launch five development projects for sale in Hong Kong in the second half of this year. Together with the unsold stock, a total of about 2,230,000 square feet of residential gross floor area or about 4,600 residential units attributable to the Group are expected to be available for sale in Hong Kong in the second half of 2024. Meanwhile, about 180,000 square feet of office/industrial space in Hong Kong is also available for sale. At the end of June 2024, attributable sales of Hong Kong and mainland properties, which were not accounted for in the first half of 2024, amounted to approximately HK$20,769 million, of which approximately HK$12,495 million is expected to be recognised in the second half of 2024 upon completion of the relevant developments and handover of the completed units to buyers.

As regards “**rental business**”, the Group currently holds a total attributable gross floor area of approximately 10.4 million square feet in completed investment properties in Hong Kong, plus approximately 13.0 million square feet across various major cities in mainland China. The Henderson, the Group’s newly-completed super Grade-A office development in Central was about 60% let and has started to bring in rental income. Another landmark development in Hong Kong’s Central Business District, namely the 1,600,000-square-foot project at Site 3 of the New Central Harbourfront, is under construction and progressing smoothly. Numerous provisional platinum accreditations were bestowed by various professional rating bodies. The Group’s continually expanding investment property portfolio with a more optimal composition will give an added impetus to its recurrent income growth.

The “**listed subsidiaries and associates**”, in particular, HKCG, provide the Group with another source of recurrent income. As at the end of June 2024, HKCG had 321 city-gas projects on the mainland, with the number of household users in mainland China and Hong Kong exceeding 43 million. EcoCeres, Inc., in which HKCG holds shares, is currently in the process of expanding its production capacity and expects to supply more sustainable aviation fuel (“SAF”) to airlines. Its renewable energy business segment will also serve as a pillar for profit growth. HKCG is poised to deliver satisfactory income to the Group.

With the Group’s ample financial resources and astute management of three core businesses (namely, “**property sales**”, “**rental business**” and “**listed subsidiaries and associates**”) by its experienced professional team, Henderson Land is well-placed to tackle the challenges ahead and deliver sustainable business growth.

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

Hong Kong, 21 August 2024

BUSINESS RESULTS

Consolidated Statement of Profit or Loss
for the six months ended 30 June 2024 - unaudited

	Note	For the six months ended 30 June **2024** **HK$ million**	 2023 HK$ million
Revenue	4, 11	**11,762**	10,278
Direct costs		**(7,592)**	(5,695)
		4,170	4,583
Other net income	5	**1,035**	1,601
Selling and marketing expenses		**(616)**	(524)
Administrative expenses		**(1,071)**	(1,092)
Profit from operations before changes in fair value of investment properties and investment properties under development		**3,518**	4,568
Decrease in fair value of investment properties and investment properties under development	6	**(146)**	(109)
Profit from operations after changes in fair value of investment properties and investment properties under development		**3,372**	4,459
Finance costs	7(a)	**(820)**	(905)
Bank interest income		**241**	287
Net finance costs		**(579)**	(618)
Share of profits less losses of associates		**1,322**	1,555
Share of profits less losses of joint ventures		**156**	843
Profit before taxation	7	**4,271**	6,239
Income tax	8	**(286)**	(117)
Profit for the period		**3,985**	6,122

Consolidated Statement of Profit or Loss
for the six months ended 30 June 2024 - unaudited (continued)

	Note	For the six months ended 30 June **2024** **HK$ million**	 2023 HK$ million
Attributable to:			
Equity shareholders of the Company		**3,174**	5,957
Non-controlling interests		**811**	165
Profit for the period		**3,985**	6,122
Earnings per share based on profit attributable to equity shareholders of the Company (reported earnings per share)			
Basic and diluted	*9(a)*	***HK$0.66***	*HK$1.23*
Earnings per share excluding the effects of the Group's aggregate attributable share of changes in fair value of investment properties and investment properties under development (net of deferred tax) (underlying earnings per share)			
Basic and diluted	*9(b)*	***HK$1.12***	*HK$1.25*

Details of dividends payable to equity shareholders of the Company are set out in note 10.

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the six months ended 30 June 2024 - unaudited

	For the six months ended 30 June	
	2024	2023
	HK$ million	HK$ million
Profit for the period	**3,985**	6,122
Other comprehensive income for the period-net, after tax and reclassification adjustments:		
Items that will not be reclassified to profit or loss:		
- Investments in equity securities designated as financial assets at fair value through other comprehensive income (non-recycling)	**40**	(65)
- Share of other comprehensive income of associates and joint ventures	**(30)**	(38)
Items that may be reclassified subsequently to profit or loss:		
- Exchange differences	**(322)**	(1,522)
- Cash flow hedges	**21**	(223)
- Share of other comprehensive income of associates and joint ventures	**(686)**	(1,568)
Other comprehensive income for the period	**(977)**	(3,416)
Total comprehensive income for the period	**3,008**	2,706
Attributable to:		
Equity shareholders of the Company	**2,192**	2,601
Non-controlling interests	**816**	105
Total comprehensive income for the period	**3,008**	2,706

Consolidated Statement of Financial Position
at 30 June 2024

	Note	**At 30 June 2024 (unaudited) HK$ million**	At 31 December 2023 (audited) HK$ million
Non-current assets			
Investment properties		**271,311**	264,404
Other property, plant and equipment		**4,436**	4,508
Right-of-use assets		**1,086**	1,211
Goodwill		**262**	262
Trademarks		**96**	98
Interest in associates		**50,840**	51,903
Interest in joint ventures		**78,145**	78,933
Derivative financial instruments		**628**	743
Other financial assets		**6,370**	5,319
Deferred tax assets		**956**	1,027
		414,130	408,408
Current assets			
Deposits for acquisition of properties		**361**	382
Inventories	12	**90,467**	94,164
Trade and other receivables	13	**12,917**	14,441
Cash held by stakeholders		**1,994**	1,206
Cash and bank balances		**15,079**	21,623
		120,818	131,816
Assets of the disposal group classified as held for sale		**-**	2,326
		120,818	134,142
Current liabilities			
Trade and other payables	14	**31,466**	28,362
Amounts due to related companies		**52**	268
Lease liabilities		**273**	280
Bank loans		**12,421**	24,500
Guaranteed notes		**11,486**	6,244
Tax payable		**564**	441
		56,262	60,095
Liabilities associated with assets of the disposal group classified as held for sale		**-**	39
		56,262	60,134
Net current assets		**64,556**	74,008
Total assets less current liabilities		**478,686**	482,416

Consolidated Statement of Financial Position
at 30 June 2024 (continued)

	At 30 June 2024 (unaudited) HK$ million	At 31 December 2023 (audited) HK$ million
Non-current liabilities		
Bank loans	**48,575**	41,652
Guaranteed notes	**10,050**	19,439
Amount due to a fellow subsidiary	**64,758**	62,448
Amounts due to related companies	**3,518**	3,389
Derivative financial instruments	**1,339**	1,354
Lease liabilities	**854**	972
Provision for reinstatement costs	**18**	18
Deferred tax liabilities	**8,786**	9,044
	137,898	138,316
NET ASSETS	**340,788**	344,100
CAPITAL AND RESERVES		
Share capital	**52,345**	52,345
Other reserves	**270,089**	274,197
Total equity attributable to equity shareholders of the Company	**322,434**	326,542
Non-controlling interests	**18,354**	17,558
TOTAL EQUITY	**340,788**	344,100

Notes:

1 Review of results

The interim results set out in this preliminary announcement do not constitute the Group's condensed interim financial statements for the six months ended 30 June 2024 but are extracted from those financial statements.

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

The condensed interim financial statements are unaudited, but have been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). KPMG's independent review report to the Company's Board of Directors is included in the interim report to be sent to the Company's shareholders. In addition, the condensed interim financial statements have been reviewed by the Company's Audit Committee with no disagreement.

2 Basis of preparation

The condensed interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting* issued by the HKICPA. They were authorised for issuance on 21 August 2024.

The condensed interim financial statements have been prepared in accordance with the same accounting policies adopted in the Company's consolidated financial statements for the year ended 31 December 2023 ("the 2023 financial statements"), except for the accounting policy changes that are expected to be reflected in the Company's consolidated financial statements for the year ending 31 December 2024. Details of these changes in accounting policies are set out in note 3.

The condensed interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 financial statements. The condensed interim financial statements and notes thereon do not include all of the information required for full set of financial statements in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, HKASs and Interpretations issued by the HKICPA.

2 Basis of preparation (continued)

The financial information relating to the financial year ended 31 December 2023 that is included in the condensed interim financial statements for the six months ended 30 June 2024 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to such statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 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 (Cap. 622).

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters (including those matters described in the "Key Audit Matters" section) to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

3 Changes in accounting policies

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

- Amendments to HKAS 1, *Presentation of financial statements : Classification of liabilities as current or non-current*

  In August 2020, the HKICPA issued amendments to HKAS 1 ("2020 HKAS 1 amendments") to clarify the requirements on determining whether a liability is current or non-current, in particular the determination over whether an entity has the right to defer settlement of the liability for at least twelve months after the reporting period. The 2020 HKAS 1 amendments:
  - specify that an entity's right to defer settlement must exist at the end of the reporting period;
  - clarify that the classification is unaffected by management's intentions or expectations about the entity's intention to exercise its right to defer settlement;
  - clarify how the lending conditions may affect classification; and
  - clarify the classification of liabilities that will or may be settled by the entity's issuance of its own equity instruments.

  In December 2022, the HKICPA published further amendments to HKAS 1 ("2022 HKAS 1 amendments") to clarify how an entity determines the current/non-current classification of a liability when its right to defer the settlement is subject to compliance with covenants.

  Under these amendments, both the 2020 HKAS 1 amendments and 2022 HKAS 1 amendments are to be applied as a package on a retrospective basis for annual reporting periods beginning on or after 1 January 2024.

- Hong Kong Interpretation 5 (Revised), *Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause*

  This interpretation specifies that the classification of a term loan as a current or non-current liability in accordance with paragraph 69(d) of HKAS 1 shall be determined by reference to the existence of the borrower's right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

  On this basis, a loan subject to loan agreement which includes a clause that gives the lender the unconditional right to require repayment of the loan from the borrower at any time shall be classified by the borrower as current in its statement of financial position.

3 Changes in accounting policies (continued)

- Amendments to HKFRS 16, *Leases : Lease liability in a sale and leaseback*

  These amendments clarify how an entity accounts for a sale and leaseback after the date of the transaction, and require that (i) on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction; and (ii) after initial recognition, the seller-lessee shall apply the general requirements for subsequent accounting of the lease liability in such a way that the seller-lessee does not recognise any gain or loss relating to the right of use over the sold asset which is retained by the seller-lessee under the sale and leaseback. The gain or loss on disposal of the sold asset shall be included in measuring the right-of-use asset upon initial recognition. The seller-lessee would reduce the lease liability as if the variable lease payments estimated at the date of the transaction had been paid, and any difference between the estimated variable lease payments and the amounts actually paid shall be recognised in profit or loss.

The adoption of the abovementioned amendments and interpretation to HKASs and HKFRSs does not have significant impact on the Group's financial results or financial position.

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

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

In preparing the condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applicable to the 2023 financial statements.

4 Revenue

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

The major items are analysed as follows:

	For the six months ended 30 June	
	2024	2023
	HK$ million	HK$ million
Property development (including sales of properties)	**4,943**	4,337
Rental income	**3,459**	3,427
Department stores and supermarket-cum-stores operations *(note (i))*	**778**	803
Hotel room operation	**165**	154
Other businesses	**2,417**	1,557
Total (note 11(b))	**11,762**	10,278

Note:

(i) Including commission income earned from consignment and concessionaire counters of the department stores operation, and the commission income earned from consignment counters of the supermarket-cum-stores operation, in the aggregate amount of HK$187 million for the six months ended 30 June 2024 (2023: HK$215 million).

In accordance with HKFRS 15, *Revenue from contracts with customers*, (i) revenue from sale of properties and sales of goods from department stores and supermarket-cum-stores operations (including the commission income from consignment and concessionaire counters) are recognised at a point in time; and (ii) revenue from hotel room operation and promotion income from department stores and supermarket-cum-stores operations are recognised over time. Rental income recognised from HKFRS 16, *Leases* is categorically classified as revenue from other sources. In respect of the Group's other businesses, revenue from construction, property management, asset management, project management, security guard and cleaning services in the aggregate amount of HK$1,558 million (2023: HK$864 million) is recognised over time while the remaining is recognised at a point in time.

At 30 June 2024, the cumulative aggregate amount of revenue expected to be recognised in the consolidated statement of profit or loss in the future from pre-completion sales contracts entered into in relation to the Group's properties held for/under development for sale and completed properties for sale held by the Group's subsidiaries, which are pending assignment in Hong Kong and mainland China, amounted to HK$14,402 million (31 December 2023: HK$10,351 million) and which will be recognised when the pre-sold properties are assigned to the customers.

5 Other net income

	For the six months ended 30 June	
	2024	2023
	HK$ million	HK$ million
Net loss on transfer of a subsidiary regarding an investment property *(note (i))*	**(2)**	-
Net gain/(loss) on disposal of investment properties	**94**	(3)
Aggregate net gain/(loss) on sales of property interests (note 11(a))	**92**	(3)
(Provision)/reversal of provision on inventories, net (note 11(a))	**(25)**	2
Net fair value loss on investments measured as financial assets at fair value through profit or loss ("FVPL")	**(11)**	(11)
Net fair value loss on derivative financial instruments at FVPL:		
- Interest rate swap contracts, cross currency interest rate swap contracts, cross currency swap contracts and foreign exchange forward contracts (for which no hedge accounting was applied during the period)	**(61)**	(135)
Gain on land resumption (note 11(a))*(note (ii))*	**1,059**	-
Gain on de-recognition of investment measured as financial asset at FVPL and gain on bargain purchase net of fair value loss (note 11(a)) *(note (iii))*	**-**	1,591
Impairment loss on trade debtors, net (note 11(c))	**(10)**	(3)
Exchange (loss)/gain, net	**(26)**	53
Others	**17**	107
	1,035	1,601

Notes:

(i) *Being the loss attributable to reported profit in relation to the Group's transfer to an independent third party of its interest in the entire issued share capital of a wholly-owned subsidiary which owns "Harbour East", being an investment property at No. 218 Electric Road, North Point, Hong Kong, and the related shareholder's loan pursuant to an agreement entered into between the parties on 10 December 2023. The transfer was completed on 28 January 2024. Taking into account the cumulative fair value gain on the investment property disposed of in the amount of HK$1,409 million, the Group recognised a gain on transfer attributable to underlying profit in the amount of HK$1,407 million during the six months ended 30 June 2024.*

(ii) *Comprised mainly the gain of HK$1,055 million resulting from the resumption by HKSAR Government in April 2024 of certain land lots of approximately 1.45 million square feet held by the Group in Fanling North and Kwu Tung North New Development Areas, the New Territories, Hong Kong, for an aggregate cash compensation of approximately HK$1,860 million.*

(iii) *For the corresponding six months ended 30 June 2023, the amount of HK$1,591 million comprised (a) a one-off gain from the de-recognition of investment measured as financial asset at FVPL and a gain on bargain purchase from the recognition of such investment as an interest in associate in the amount of HK$1,739 million; and (b) a net fair value loss on investment measured as financial asset at FVPL in the amount of HK$148 million.*

6 Decrease in fair value of investment properties and investment properties under development

The Group’s investment properties and investment properties under development were revalued at 30 June 2024 by Cushman & Wakefield Limited, a firm of professional surveyors who have among their staff Members of The Hong Kong Institute of Surveyors with recent experience in the location and category of properties being valued, on a market value basis.

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

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

For certain investment properties in Hong Kong and mainland China which are still under development, the valuations were determined on redevelopment basis and by estimating the fair value of such properties as if they were completed in accordance with the relevant development plan and then deducting from that amount the estimated costs to complete the construction, financing costs and a reasonable profit margin.

As a result, a net fair value loss on the investment properties and investment properties under development in Hong Kong and mainland China (after deducting non-controlling interests’ attributable share and deferred tax), excluding those held by associates and joint ventures, in the amount of HK$665 million (2023: HK$96 million) has been recognised in the consolidated statement of profit or loss for the six months ended 30 June 2024 (see note 9(b)).

In aggregate, the Group’s attributable share of the net fair value losses (net of deferred tax) on investment properties and investment properties under development held by subsidiaries, associates and joint ventures for the six months ended 30 June 2024 amounted to HK$820 million (2023: HK$107 million).

6 Decrease in fair value of investment properties and investment properties under development (continued)

A reconciliation of the abovementioned figures is as follows:-

For the six months ended 30 June 2024

	Hong Kong	**Mainland China**	**Total**
	HK$ million	**HK$ million**	**HK$ million**
Fair value gain/(loss) on investment properties and investment properties under development held by			
- subsidiaries (before deducting non-controlling interests' attributable share and deferred tax)	**443**	**(589)**	**(146)**
Less :			
Deferred tax	**-**	**136**	**136**
Non-controlling interests' attributable share of the net fair value gain (net of deferred tax)	**(647)**	**(8)**	**(655)**
(after deducting non-controlling interests' attributable share and deferred tax) (note 9(b))	**(204)**	**(461)**	**(665)**
- associates (Group's attributable share) (notes 9(b) and 11(a)(iii))	**(87)**	**-**	**(87)**
- joint ventures (Group's attributable share) (notes 9(b) and 11(a)(iv))	**48**	**(116)**	**(68)**
	(243)	**(577)**	**(820)**

6 Decrease in fair value of investment properties and investment properties under development (continued)

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

For the six months ended 30 June 2023

	Hong Kong	Mainland China	Total
	HK$ million	HK$ million	HK$ million
Fair value (loss)/gain on investment properties and investment properties under development held by			
- subsidiaries (before deducting non-controlling interests' attributable share and deferred tax)	(224)	115	(109)
Less :			
Deferred tax	-	(23)	(23)
Non-controlling interests' attributable share of the fair value loss/(gain) (net of deferred tax)	40	(4)	36
(after deducting non-controlling interests' attributable share and deferred tax) (note 9(b))	(184)	88	(96)
- associates (Group's attributable share) (notes 9(b) and 11(a)(iii))	10	-	10
- joint ventures (Group's attributable share) (notes 9(b) and 11(a)(iv))	1	(22)	(21)
	(173)	66	(107)

7 Profit before taxation

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

		For the six months ended 30 June	
		2024	2023
		HK$ million	HK$ million
(a)	**Finance costs:**		
	Bank loans interest	**1,290**	1,147
	Interest on other loans	**1,602**	1,315
	Interest on guaranteed notes	**445**	459
	Finance cost on lease liabilities	**20**	17
	Other borrowing costs	**76**	74
		3,433	3,012
	Less: Amount capitalised *(note)*	**(2,613)**	(2,107)
	Finance costs (note 11(a))	**820**	905

Note: The borrowing costs have been capitalised at weighted average interest rates based on the principal amounts of the Group's bank loans, guaranteed notes and other loans during the six months ended 30 June 2024 under which interest capitalisation was applicable, ranging from 3.36% to 6.01% (2023: ranging from 2.15% to 5.02%) per annum.

7 Profit before taxation (continued)

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

	For the six months ended 30 June	
	2024	2023
	HK$ million	HK$ million
(b) Staff costs:		
Salaries, wages and other benefits	**1,471**	1,436
Contributions to defined contribution retirement plans	**62**	85
	1,533	1,521

	For the six months ended 30 June	
	2024	2023
	HK$ million	HK$ million
(c) Other items:		
Amortisation of trademarks	**2**	2
Depreciation		
– on other property, plant and equipment	**100**	99
– on right-of-use assets	**145**	172
	247	273
	(note 11(c))	(note 11(c))
Cost of sales		
– properties for sale	**3,826**	2,816
– trading stocks and consumable stores	**511**	488
Dividend income from investments designated as financial assets at fair value through other comprehensive income (“FVOCI”) (non-recycling) and investments measured as financial assets at FVPL		
– listed	**(9)**	(46)
– unlisted	**(3)**	(4)

8 Income tax

	For the six months ended 30 June	
	2024	2023
	HK$ million	HK$ million
Current tax		
Provision for Hong Kong Profits Tax	**271**	251
Provision/(over-provision) for taxation outside Hong Kong	**152**	(11)
(Over-provision)/provision for Land Appreciation Tax	**(29)**	7
	394	247
Deferred tax		
Origination and reversal of temporary differences	**(108)**	(130)
	286	117

Provision for Hong Kong Profits Tax has been made at 16.5% (2023: 16.5%) on the estimated assessable profits for the period.

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

Land Appreciation Tax is levied on properties in mainland China developed by the Group for sale, at progressive rates ranging from 30% to 60% (2023: 30% to 60%) on the appreciation of land value, which under the applicable regulations is calculated based on the revenue from sale of properties less deductible expenditure including lease charges of land use rights, borrowing costs and property development expenditure.

9 Earnings per share

(a) Reported earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to equity shareholders of the Company of HK$3,174 million (2023: HK$5,957 million) and the weighted average number of 4,841 million ordinary shares (2023: 4,841 million ordinary shares) in issue during the period.

Diluted earnings per share were the same as the basic earnings per share for the period and the corresponding six months ended 30 June 2023 as there were no dilutive potential ordinary shares in existence during both periods.

(b) Underlying earnings per share

For the purpose of assessing the underlying performance of the Group, basic and diluted earnings per share are additionally calculated based on the profit attributable to equity shareholders of the Company after excluding the effects of changes in fair value of investment properties and investment properties under development ("Underlying Profit") of HK$5,441 million (2023: HK$6,073 million). A reconciliation of profit is as follows:

	For the six months ended 30 June	
	2024	2023
	HK$ million	HK$ million
Profit attributable to equity shareholders of the Company	**3,174**	5,957
Fair value loss of investment properties and investment properties under development during the period (after deducting non-controlling interests' attributable share and deferred tax)(note 6)	**665**	96
Share of fair value loss/(gain) of investment properties (net of deferred tax) during the period:		
− associates (note 6)	**87**	(10)
− joint ventures (note 6)	**68**	21
The Group's attributable share of the cumulative fair value gain of investment properties disposed of during the period, net of tax:		
− subsidiaries	**1,447**	9
Underlying Profit	**5,441**	6,073
Underlying earnings per share, based on the weighted average number of ordinary shares in issue during the period (note 9(a))	**HK$1.12**	HK$1.25

10 Dividends

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

	For the six months ended 30 June	
	2024	2023
	HK$ million	HK$ million
Interim dividend declared after the interim period of HK$0.50 (2023: HK$0.50) per share	**2,421**	2,421

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

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

	For the six months ended 30 June	
	2024	2023
	HK$ million	HK$ million
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK$1.30 (2023: HK$1.30) per share	**6,294**	6,294

11 Segment reporting

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

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

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

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

(a) Results of reportable segments

Information regarding the Group's and its share of associates and joint ventures on reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2024 and 30 June 2023 is set out below.

11 Segment reporting (continued)

(a) Results of reportable segments (continued)

For the six months ended 30 June 2024	Company and its subsidiaries (before deducting non-controlling interests) Revenue *(note (i))* HK$ million	Segment results HK$ million	Associates and joint ventures Share of revenue HK$ million	Share of segment results HK$ million	Combined revenue HK$ million	Consolidated segment results HK$ million	Attributable to non-controlling interests Revenue HK$ million	Segment results HK$ million	Attributable to equity shareholders of the Company Combined revenue HK$ million	Consolidated segment results HK$ million
Property development									*(note 1)*	*(note 1)*
Hong Kong	4,927	1,523	11	(4)	4,938	1,519	(21)	(20)	4,917	1,499
Mainland China	16	(48)	2,835	22	2,851	(26)	-	(2)	2,851	(28)
	4,943	1,475	2,846	18	7,789	1,493	(21)	(22)	7,768	1,471
Property leasing										
Hong Kong	2,453	1,795	1,144	886	3,597	2,681	(194)	(169)	3,403	2,512
Mainland China	1,006	749	47	22	1,053	771	(10)	(7)	1,043	764
(note (ii))	3,459	2,544	1,191	908	4,650	3,452	(204)	(176)	4,446	3,276
Department stores and supermarket-cum-stores operations										
-sale of own goods	619	(41)	-	-	619	(41)	(188)	20	431	(21)
-rental of consignment and concessionaire counters	159	65	-	-	159	65	(49)	(1)	110	64
	778	24	-	-	778	24	(237)	19	541	43
Hotel room operation	165	45	125	31	290	76	(82)	(24)	208	52
Other businesses	2,417	19	182	149	2,599	168	(435)	21	2,164	189
	11,762	4,107	4,344	1,106	16,106	5,213	(979)	(182)	15,127	5,031
Utility and energy	-	-	17,860	1,901	17,860	1,901	-	-	17,860	1,901
	11,762	4,107	22,204	3,007	33,966	7,114	(979)	(182)	32,987	6,932

11 Segment reporting (continued)

(a) Results of reportable segments (continued)

	Company and its subsidiaries (before deducting non-controlling interests)		Associates and joint ventures				Attributable to non-controlling interests		Attributable to equity shareholders of the Company	
	Revenue (note (i))	Segment results	Share of revenue	Share of segment results	Combined revenue	Consolidated segment results	Revenue	Segment results	Combined revenue	Consolidated segment results
For the six months ended 30 June 2024 (continued)	**HK$ million**	**HK$ million**	**HK$ million**	**HK$ million**	**HK$ million**	**HK$ million**	**HK$ million**	**HK$ million**	**HK$ million**	**HK$ million**
Provision on inventories, net	**(note 5)**	**(25)**		**-**		**(25)**		**-**		**(25)**
Sales of property interests *(note 2)*	**(note 5)**	**92**		**-**		**92**		**-**		**92**
Unallocated head office and corporate expenses, net		**(656)**		**(102)**		**(758)**		**6**		**(752)**
Profit from operations		**3,518**		**2,905**		**6,423**		**(176)**		**6,247**
Decrease in fair value of investment properties and investment properties under development		**(146)**		**(159)**		**(305)**		**(657)**		**(962)**
Finance costs	**(note 7(a))**	**(820)**		**(789)**		**(1,609)**		**46**		**(1,563)**
Bank interest income		**241**		**126**		**367**		**(69)**		**298**
Net finance costs		**(579)**		**(663)**		**(1,242)**		**(23)**		**(1,265)**
Profit before taxation		**2,793**		**2,083**		**4,876**		**(856)**		**4,020**
Income tax		**(286)**		**(605)**		**(891)**		**45**		**(846)**
Profit for the period		**2,507**		**1,478**		**3,985**		**(811)**		**3,174**

Notes:

(1) The revenue and segment results for the six months ended 30 June 2024 related to the sale of leasehold land, interest income from mortgage loans and interest income from property development joint ventures (of which revenue in the amounts of HK$Nil, HK$105 million and HK$40 million respectively and segment profit in the amounts of HK$Nil, HK$96 million and HK$40 million respectively) are classified under the "Property development" segment. The pre-tax profit contribution from the property development segment in Hong Kong for the six months ended 30 June 2024 also included the pre-tax gain attributable to reported profit in the aggregate amount of HK$1,059 million upon the resumption by the HKSAR Government of the Group's leasehold land during the period (note 5).

(2) The Group's attributable share of the realised cumulative fair value gain (before tax) of investment properties disposed of during the six months ended 30 June 2024 amounted to HK$1,447 million. Adding to it the reported attributable share of net gain (before tax) on disposal of investment properties of HK$92 million (see above) for the six months ended 30 June 2024, the Group's attributable share of the realised gain (before tax) from the sales of property interests attributable to underlying profit amounted to HK$1,539 million during the six months ended 30 June 2024.

11 Segment reporting (continued)

(a) Results of reportable segments (continued)

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

	Property development HK$ million	Property leasing HK$ million	Hotel room operation HK$ million	Other businesses HK$ million	Sub-total HK$ million	Utility and energy HK$ million	Total HK$ million
For the six months ended 30 June 2024							
Share of profits less losses of associates *(note (iii))*							
- Material listed associate The Hong Kong and China Gas Company Limited	**-**	**76**	**2**	**(349)**	**(271)**	**1,533**	**1,262**
- Other listed associates and unlisted associates	**3**	**(11)**	**-**	**68**	**60**	**-**	**60**
	3	**65**	**2**	**(281)**	**(211)**	**1,533**	**1,322**
Share of profits less losses of joint ventures *(note (iv))*	**(120)**	**372**	**6**	**(102)**	**156**	**-**	**156**
	(117)	**437**	**8**	**(383)**	**(55)**	**1,533**	**1,478**

11 Segment reporting (continued)

(a) Results of reportable segments (continued)

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

11 Segment reporting (continued)

(a) Results of reportable segments (continued)

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

Notes:

(1) The revenue and segment results for the corresponding six months ended 30 June 2023 related to the sale of leasehold land, interest income from mortgage loans and interest income from property development joint ventures (of which revenue in the amounts of HK$5 million, HK$113 million and HK$212 million respectively and segment profit in the amounts of HK$3 million, HK$106 million and HK$212 million respectively) are classified under the "Property development" segment.

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

11 Segment reporting (continued)

(a) Results of reportable segments (continued)

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

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

11 Segment reporting (continued)

(a) Results of reportable segments (continued)

Notes:

(i) *The revenue figures above are arrived at after the elimination of inter-segment revenues, in the amounts of HK$225 million (2023: HK$218 million) and HK$1,453 million (2023: HK$836 million) in relation to the reportable segments under “Property leasing” and “Others”, respectively.*

(ii) *Revenue for the “Property leasing” segment comprised rental income of HK$2,993 million (2023: HK$2,972 million) and rental-related income of HK$466 million (2023: HK$455 million), which in aggregate amounted to HK$3,459 million for the six months ended 30 June 2024 (2023: HK$3,427 million)(see note 4).*

(iii) *The Group’s share of profits less losses of associates contributed from the “Property leasing” segment during the period of HK$65 million (2023: HK$143 million) included the Group’s attributable share of net decrease in fair value of investment properties (net of deferred tax) during the period of HK$87 million (2023: attributable share of net increase in fair value of investment properties (net of deferred tax) of HK$10 million) (see note 6).*

The Group’s share of losses less profits of associates contributed from the “Other businesses” segment during the period of HK$281 million (2023: HK$97 million) included the Group’s attributable share of profit after tax from hotel management (other than hotel room operation) during the period of HK$1 million (2023: HK$1 million).

(iv) *The Group’s share of profits less losses of joint ventures contributed from the “Property leasing” segment during the period of HK$372 million (2023: HK$485 million) included the Group’s attributable share of net decrease in fair value of investment properties (net of deferred tax) during the period of HK$68 million (2023: of HK$21 million) (see note 6).*

The Group’s share of losses less profits of joint ventures contributed from the “Other businesses” segment during the period of HK$102 million (2023: share of profits less losses of HK$55 million) included the Group’s attributable share of profit after tax from hotel management (other than hotel room operation) during the period of HK$3 million (2023: HK$7 million).

11 Segment reporting (continued)

(b) Geographical information

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

	Revenue from external customers		Specified non-current assets	
	For the six months ended 30 June		At 30 June	At 31 December
	2024	2023	**2024**	2023
	HK$ million	HK$ million	**HK$ million**	HK$ million
Hong Kong	**10,502**	8,978	**336,154**	328,977
Mainland China	**1,260**	1,300	**69,986**	72,306
The United Kingdom	**-**	-	**36**	36
	11,762	10,278	**406,176**	401,319
	(note 4)	(note 4)		

(c) Other segment information

	Depreciation and amortisation		Impairment loss/(reversal of impairment loss) on trade debtors, net	
	For the six months ended 30 June		For the six months ended 30 June	
	2024	2023	**2024**	2023
	HK$ million	HK$ million	**HK$ million**	HK$ million
Property development	**27**	37	**8**	6
Property leasing	**14**	21	**2**	(3)
Department stores and supermarket-cum-stores operations				
-sale of own goods	**77**	74	**-**	-
-rental of consignment and concessionaire counters	**3**	5	**-**	-
Hotel room operation	**38**	37	**-**	-
Other businesses	**88**	99	**-**	-
	247	273	**10**	3
	(note 7(c))	(note 7(c))	**(note 5)**	(note 5)

12 Inventories

	At 30 June 2024 HK$ million	At 31 December 2023 HK$ million
Property development		
Leasehold land held for development for sale	**11,016**	11,384
Properties held for/under development for sale	**43,148**	53,923
Completed properties for sale	**36,154**	28,698
	90,318	94,005
Other operations		
Trading stocks and consumable stores	**149**	159
	90,467	94,164

13 Trade and other receivables

		At 30 June 2024 HK$ million	At 31 December 2023 HK$ million
(i)	**Debtors and current receivables**		
	Trade receivables (other than those transferred to the disposal group)	**305**	322
	Instalments receivable	**109**	119
	Sub-total: Trade debtors	**414**	441
	Other debtors	**5,943**	5,921
	Prepayments and deposits (other than those transferred to the disposal group)	**3,717**	3,732
	Gross amount due from customers for contract work (^)	**46**	44
	Amounts due from associates	**31**	31
	Amounts due from joint ventures	**454**	284
		10,605	10,453
(ii)	**Other current financial assets**		
	Loans receivable	**1,433**	3,384
	Financial assets measured at FVPL	**797**	482
	Derivative financial instruments	**82**	122
		2,312	3,988
		12,917	14,441

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

Included in other debtors is an amount receivable of HK$1,864 million (31 December 2023: HK$1,864 million) which was overdue at 30 June 2024, but which is pledged against certain collaterals provided by the debtor.

Loans receivable, of which HK$698 million (31 December 2023: HK$695 million) are secured and interest-bearing at interest rates ranging from 3.8% to 8.0% and HIBOR plus 2.25% (31 December 2023: ranging from 3.8% to 12.0%) per annum, and HK$735 million (31 December 2023: HK$2,689 million) are unsecured and interest-bearing at interest rates ranging from 3.8% to 9.0% (31 December 2023: ranging from 3.8% to 9.0%) per annum, are both expected to be recovered within one year from the end of the reporting period, and were both not past due at 30 June 2024 and 31 December 2023.

13 Trade and other receivables (continued)

The amounts due from associates and joint ventures at 30 June 2024 and 31 December 2023 are unsecured, interest-free, have no fixed terms of repayment and were not past due at 30 June 2024 and 31 December 2023.

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

	At 30 June 2024 HK$ million	At 31 December 2023 HK$ million
Current or up to 1 month	**263**	309
More than 1 month and up to 3 months	**53**	54
More than 3 months and up to 6 months	**46**	30
More than 6 months	**52**	48
	414	441

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

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

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

14 Trade and other payables

	At 30 June 2024 HK$ million	At 31 December 2023 HK$ million
Creditors and accrued expenses (other than those transferred to the disposal group)	**10,277**	9,342
Gross amount due to customers for contract work[(#)]	**5**	98
Rental and other deposits received (other than those transferred to the disposal group)	**1,999**	1,954
Forward sales deposits received and other contract liabilities [(#)]	**7,832**	4,899
Derivative financial instruments	**480**	109
Amounts due to associates	**1,753**	1,812
Amounts due to joint ventures	**9,120**	10,148
	31,466	28,362

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

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

	At 30 June 2024 HK$ million	At 31 December 2023 HK$ million
Due within 1 month or on demand	**1,411**	1,384
Due after 1 month but within 3 months	**754**	645
Due after 3 months but within 6 months	**487**	277
Due after 6 months	**2,702**	1,733
	5,354	4,039

The amounts due to associates and joint ventures at 30 June 2024 and 31 December 2023 are unsecured, interest-free and have no fixed terms of repayment except for aggregate amounts due to certain associates and certain joint ventures of HK$1,652 million (31 December 2023: HK$2,503 million) which are unsecured, interest-bearing at interest rates ranging from 2.80% to 3.55% and Renminbi Loan Prime Rate less 0.2% (31 December 2023: ranging from 2.80% to 3.80% and Renminbi Loan Prime Rate less 0.2%) per annum and wholly repayable between 5 July 2024 and 23 April 2025 (31 December 2023: between 29 January 2024 and 27 November 2024).

15 Non-adjusting event after the reporting period

After the end of the reporting period, the Directors declared an interim dividend. Further details are disclosed in note 10(a).

FINANCIAL REVIEW

Results of operations

The following discussions should be read in conjunction with the Company's unaudited condensed consolidated financial statements for the six months ended 30 June 2024.

Revenue and profit

	Revenue			*Profit contribution from operations*		
	Six months ended 30 June		*Increase / (Decrease)*	***Six months ended 30 June***		*Increase / (Decrease)*
	2024	2023		**2024**	2023	
	HK$ million	HK$ million	*%*	**HK$ million**	HK$ million	*%*
Reportable segments						
- Property development	**4,943**	4,337	*+14%*	**1,475**	894	*+65%*
- Property leasing	**3,459**	3,427	*+1%*	**2,544**	2,510	*+1%*
- Department stores and supermarket-cum-stores operations	**778**	803	*-3%*	**24**	68	*-65%*
- Hotel room operation	**165**	154	*+7%*	**45**	33	*+36%*
- Other businesses	**2,417**	1,557	*+55%*	**19**	33	*-42%*
	11,762	10,278	*+14%*	**4,107**	3,538	*+16%*

	Six months ended 30 June		
	2024	2023	*Decrease*
	HK$ million	HK$ million	*%*
Profit attributable to equity shareholders of the Company			
- excluding the Group's attributable share of changes in fair value of investment properties and investment properties under development (net of deferred taxation) held by the Group's subsidiaries, associates and joint ventures ("Underlying Profit") *(Note)*	**5,441**	6,073	*-10%*
- including the Group's attributable share of changes in fair value of investment properties and investment properties under development (net of deferred taxation) held by the Group's subsidiaries, associates and joint ventures	**3,174**	5,957	*-47%*

Note :

Underlying profit attributable to equity shareholders of the Company ("Underlying Profit") excludes the Group's attributable share of fair value change (net of deferred tax) of the investment properties and investment properties under development held by subsidiaries, associates and joint ventures. In order to fully exclude the aforesaid effects of changes in fair value from the Underlying Profit, the Group's attributable share of the cumulative fair value gain (net of tax) of investment properties disposed of during the period (which has been included in calculating the net gain on disposal of investment properties and hence the profit attributable to equity shareholders of the Company during the period) of HK$1,447 million (2023: HK$9 million) was added back in arriving at the Underlying Profit.

Below is the comparison of the Underlying Profits for the six months ended 30 June 2024 and 30 June 2023 by excluding certain fair value adjustments and one-off items for both periods:-

	Six months ended 30 June			
	2024	2023	*Increase/(Decrease)*	
	HK$ million	HK$ million	*HK$ million*	*%*
Underlying Profit	**5,441**	6,073	*(632)*	*-10%*
Add / (Less):				
(i) Net fair value loss on derivative financial instruments measured at fair value through profit or loss relating to certain interest rate swap contracts, cross currency swap contracts, cross currency interest rate swap contracts and foreign exchange forward contracts for which no hedge accounting was applied during the period	**61**	135	*(74)*	
(ii) Gain on the de-recognition of the Group's investment in Sunlight Real Estate Investment Trust ("Sunlight REIT") from "Investment measured as financial asset at fair value through profit or loss" and gain on bargain purchase from the recognition of the Group's investment in Sunlight REIT as "Interest in associate", net of fair value loss in Sunlight REIT	**-**	(1,591)	*1,591*	
	5,502	4,617	*885*	*+19%*

Discussions on the major reportable segments are set out below.

Property development

The gross revenue and pre-tax profit contributions from the property development segment in Hong Kong, for both periods of six months ended 30 June 2024 and 30 June 2023, comprised the gross revenue and pre-tax profit contributions generated from the sales of properties as well as interest income from mortgage loans and interest income from property development joint ventures. The pre-tax profit contribution from the property development segment in Hong Kong for the six months ended 30 June 2024 also included the pre-tax gain attributable to reported profit in the aggregate amount of HK$1,059 million upon the resumption by the HKSAR Government of the Group's leasehold land during the period.

Gross revenue - subsidiaries and by geographical contribution

The gross revenue from property sales during the six months ended 30 June 2024 and 30 June 2023 generated by the Group's subsidiaries, and by geographical contribution, were as follows:-

	Six months ended 30 June			
	2024	2023	*Increase/(Decrease)*	
	HK$ million	HK$ million	*HK$ million*	*%*
By geographical contribution:				
Hong Kong	**4,927**	4,274	*653*	*+15%*
Mainland China	**16**	63	*(47)*	*-75%*
	4,943	4,337	*606*	*+14%*

The gross revenue from property sales in Hong Kong of HK$4,927 million during the six months ended 30 June 2024 was mainly contributed from the following residential development projects completed in 2023 and in prior years, and the sold units of which were delivered to the buyers during the period:

(i) HK$1,105 million from "The Holborn" in Quarry Bay, Hong Kong Island which was completed in February 2023;

(ii) HK$972 million from "Henley Park" and "The Henley (Phases 1 to 3)" in The Kai Tak Development Area, Kowloon;

(iii) HK$884 million from "Baker Circle · Dover" in Hung Hom, Kowloon which was completed in October 2023;

(iv) HK$822 million from "Eden Manor" in Kwu Tung, the New Territories;

(v) HK$216 million from "One Innovale · Archway", "One Innovale · Bellevue" and "One Innovale · Cabanna" in Fanling North, the New Territories; and

(vi) HK$214 million from "Caine Hill" in Mid-Levels, Hong Kong Island which was completed in January 2023.

Although the residential project of "The Quinn · Square Mile" in Mong Kok was completed in April 2024 and the residential projects of "The Knightsbridge" in The Kai Tak Development Area and "Baker Circle · Euston" in Hung Hom were completed in June 2024, the sold units of these projects are scheduled for delivery to the buyers after the end of the reporting period and therefore no revenue and profit contribution have been recognised from these projects for the six months ended 30 June 2024.

Pre-tax profits – by geographical distribution and from subsidiaries, associates and joint ventures

The Group's attributable share of pre-tax profits from property sales, by geographical contribution and from subsidiaries (after deducting non-controlling interests), associates and joint ventures during the six months ended 30 June 2024 and 30 June 2023, were as follows:-

	Six months ended 30 June			
	2024	2023	*Increase/(Decrease)*	
	HK$ million	HK$ million	*HK$ million*	*%*
By geographical contribution:				
Hong Kong	**1,499**	962	*537*	*+56%*
Mainland China	**(28)**	696	*(724)*	*-104%*
	1,471	1,658	*(187)*	*-11%*

The increase in the Group's attributable share of pre-tax profits from property sales in Hong Kong during the six months ended 30 June 2024 of HK$537 million (or 56%) was mainly due to (i) the pre-tax gain attributable to reported profit in the aggregate amount of HK$1,059 million upon the resumption by the HKSAR Government of the Group's leasehold land during the period, but was partially offset by (ii) the period-on-period increase in pre-tax loss contribution in the aggregate amount of HK$203 million from the Group's projects of "The Henley" and "Henley Park" in The Kai Tak Development Area; and (iii) the period-on-period decrease in pre-tax profit contribution in the aggregate amount of HK$235 million from "One Innovale · Archway", "One Innovale · Bellevue" and "One Innovale · Cabanna" in Fanling North, the New Territories.

The decrease in the Group's attributable share of pre-tax profits from property sales in mainland China during the six months ended 30 June 2024 of HK$724 million (or 104%) was mainly due to the decrease in the Group's attributable share of pre-tax profit contributions from "La Botanica" in Xian, "The Landscape" in Changsha and "Xindu Project" in Chengdu (all being projects held by the Group's joint ventures) in the aggregate amount of HK$746 million.

	Six months ended 30 June			
	2024	2023	*Increase/(Decrease)*	
	HK$ million	HK$ million	*HK$ million*	*%*
By contribution from subsidiaries (after deducting non-controlling interests), associates and joint ventures:				
Subsidiaries	**1,453**	872	*581*	*+67%*
Associates	**3**	10	*(7)*	*-70%*
Joint ventures	**15**	776	*(761)*	*-98%*
	1,471	1,658	*(187)*	*-11%*

The increase of HK$581 million (or 67%) in the Group's attributable share of pre-tax profits from property sales of the Group's subsidiaries during the six months ended 30 June 2024 was mainly due to the pre-tax gain attributable to reported profit upon the resumption by the HKSAR Government of the Group's leasehold land in Hong Kong during the period, which was partially offset by the period-on-period decreases in pre-tax profit contributions from the Group's projects in The Kai Tak Development Area and the "One Innovale" projects, all of which relate to the Group's projects in Hong Kong, in the net aggregate amount of HK$537 million as referred to above.

The decrease of HK$761 million (or 98%) in the Group's attributable share of pre-tax profits from property sales of the Group's joint ventures during the six months ended 30 June 2024 was mainly due to the decrease in the Group's attributable share of pre-tax profit contributions from "La Botanica" in Xian, "The Landscape" in Changsha and "Xindu Project" in Chengdu, all of which relate to the Group's projects in mainland China, in the aggregate amount of HK$746 million as referred to above.

Property leasing

Gross revenue – subsidiaries and by geographical contribution

The gross revenue from property leasing during the six months ended 30 June 2024 and 30 June 2023 generated by the Group's subsidiaries, and by geographical contribution, were as follows:-

	Six months ended 30 June			
	2024	2023	*Increase/(Decrease)*	
	HK$ million	HK$ million	*HK$ million*	*%*
By geographical contribution:				
Hong Kong	**2,453**	2,405	*48*	*+2%*
Mainland China	**1,006**	1,022	*(16)*	*-2%*
	3,459	3,427	*32*	*+1%*

Pre-tax net rental income – by geographical distribution and from subsidiaries, associates and joint ventures

The Group's attributable share of pre-tax net rental income, by geographical contribution and from subsidiaries (after deducting non-controlling interests), associates and joint ventures during the six months ended 30 June 2024 and 30 June 2023, were as follows:-

	Six months ended 30 June			
	2024	2023	*Increase / (Decrease)*	
	HK$ million	HK$ million	*HK$ million*	*%*
By geographical contribution:				
Hong Kong	**2,512**	2,472	*40*	*+2%*
Mainland China	**764**	758	*6*	*+1%*
	3,276	3,230	*46*	*+1%*
By contribution from subsidiaries (after deducting non-controlling interests), associates and joint ventures:				
Subsidiaries	**2,368**	2,327	*41*	*+2%*
Associates	**246**	184	*62*	*+34%*
Joint ventures	**662**	719	*(57)*	*-8%*
	3,276	3,230	*46*	*+1%*

For Hong Kong, on an overall portfolio basis, there was a period-on-period increase of HK$48 million (or 2%) in rental revenue contribution and a period-on-period increase of HK$40 million (or 2%) in the Group's attributable share of pre-tax net rental income contribution for the six months ended 30 June 2024. The increase in the Group's attributable share of pre-tax net rental income for the period was mainly due to the additional contributions from "The Henderson" (being an investment property which was completed on 30 January 2024) and the investment properties which are owned by Sunlight REIT (which became a listed associate of the Group commencing from 30 June 2023), but which were partially offset by the decrease in the contribution from ifc project during the period when compared with that for the corresponding six months ended 30 June 2023.

For mainland China, on an overall portfolio basis, there was a period-on-period decrease of HK$16 million (or 2%) in rental revenue contribution and a period-on-period increase of HK$6 million (or 1%) in the Group's attributable share of pre-tax net rental income contribution for the six months ended 30 June 2024. Based on the average exchange rates between the Renminbi ("RMB") and Hong Kong dollars ("HKD") for the two financial periods of six months ended 30 June 2024 and 30 June 2023, there was a period-on-period depreciation of RMB against HKD by approximately 3% during the six months ended 30 June 2024, and excluding the effect of foreign currency translation, there was in RMB terms:

(i) a period-on-period increase in gross rental income of 1% which was mainly attributable to the increased leasing revenue contributions for the six months ended 30 June 2024 from the twin office towers of "Lumina Guangzhou" in Guangzhou and "Lumina Shanghai" Phases 1 and 2 in Shanghai's Xuhui Riverside Area due to the increase in occupancies and which outweigh the decrease in rental revenue contribution of "World Financial Centre" in Beijing due to a slightly lower occupancy during the six months ended 30 June 2024 compared with the corresponding six months ended 30 June 2023; and

(ii) a period-on-period increase in the Group's attributable share of pre-tax net rental income of 3% which was mainly attributable to the fact that following the increase in occupancies of the recently completed investment properties, there was a decrease in the amount of marketing expenses incurred for the six months ended 30 June 2024 when compared with that for the corresponding six months ended 30 June 2023.

Department stores and supermarket-cum-stores operations

Department stores and supermarket-cum-stores operations are carried out by Citistore (Hong Kong) Limited ("Citistore") and Unicorn Stores (HK) Limited ("Unicorn") respectively, both being wholly-owned subsidiaries of Henderson Investment Limited, a non-wholly owned listed subsidiary of the Group. For the six months ended 30 June 2024, revenue contribution amounted to HK$778 million (2023: HK$803 million) which represented a period-on-period decrease of HK$25 million (or 3%), from that for the corresponding six months ended 30 June 2023. The decrease in revenue during the six months ended 30 June 2024 was mainly attributable to the fall in retail sales of the Group due to an increase in outbound travel, and cross-border consumption and shopping.

Profit contribution (after the elimination of rental expenditure payable by Citistore and Unicorn to the Group, in respect of certain store premises leased by Citistore and Unicorn from the Group for business operation) for the six months ended 30 June 2024 decreased by HK$44 million (or 65%), to HK$24 million (2023: HK$68 million). The decrease in profit contribution was mainly attributable to the decrease in revenue contribution for the period as referred to above.

Hotel room operation

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

During the six months ended 30 June 2024, revenue amounted to HK$165 million (2023: HK$154 million) and pre-tax profit amounted to HK$45 million (2023: HK$33 million), representing a period-on-period increase in revenue of HK$11 million (or 7%) and a period-on-period increase in pre-tax profit of HK$12 million (or 36%). Such increases were mainly attributable to the increased hotel room sales and patronage from foreign travellers as international travelling activities have restored after the COVID-19 pandemic.

Other businesses

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

Revenue and pre-tax profit contribution from other businesses for the six months ended 30 June 2024 amounted to HK$2,417 million and HK$19 million respectively, representing:

(a) an increase in revenue of HK$860 million (or 55%) over and above the revenue contribution of HK$1,557 million for the corresponding six months ended 30 June 2023, and which was mainly attributable to (i) the increase in revenue contribution of HK$674 million during the period from the construction activities carried out by the Group for the residential project development of a joint venture of the Group at The Kai Tak Development Area; and (ii) the increase in revenue contribution of HK$223 million during the period from Miramar's travel operation following the restoration of international travelling activities after the COVID-19 pandemic;

and

(b) a decrease in pre-tax profit contribution of HK$14 million (or 42%) from the pre-tax profit contribution of HK$33 million for the corresponding six months ended 30 June 2023, and which was mainly attributable to an aggregate decrease in pre-tax profit contribution of HK$59 million during the period mainly from Miramar's food and beverage operation and for the reason that the investment income during the period from the Group's investment in the listed units of Sunlight REIT were no longer recognised as other income in profit or loss (but were netted off the Group's interest in associates) after Sunlight REIT became a listed associate of the Group commencing from 30 June 2023, which were partially offset by an aggregate increase in pre-tax profit contribution of HK$48 million during the period from Miramar's travel operation (for the reason as mentioned above) as well as property management and project management activities.

Associates

The Group's attributable share of post-tax profits less losses of associates during the six months ended 30 June 2024 amounted to HK$1,322 million (2023: HK$1,555 million), representing a decrease of HK$233 million (or 15%), from that for the corresponding six months ended 30 June 2023. Excluding the Group's attributable share of changes in fair value of investment properties held by the associates (net of deferred taxation) during the periods, the Group's attributable share of the underlying post-tax profits less losses of associates for the six months ended 30 June 2024 amounted to HK$1,409 million (2023: HK$1,545 million), representing a decrease of HK$136 million (or 9%), from that for the corresponding six months ended 30 June 2023. Such period-on-period decrease in the underlying post-tax profits during the six months ended 30 June 2024 was mainly attributable to the following:

(i) the period-on-period decrease of HK$238 million in the Group's attributable share of post-tax underlying profit contribution from The Hong Kong and China Gas Company Limited ("HKCG"), which was mainly due to the non-recurrence of HKCG's one-off disposal gains arising from business restructuring during the corresponding six months ended 30 June 2023 and which was partially offset by the lower provision for assets during the six months ended 30 June 2024, which in aggregate resulted in a net decrease in the Group's attributable share of post-tax profit contribution of HK$200 million from HKCG during the six months ended 30 June 2024, while HKCG's overall operating performance remains stable; and

(ii) the Group's attributable share of post-tax underlying profit contribution from Sunlight REIT in the amount of HK$106 million for the six months ended 30 June 2024 (2023: Nil), after Sunlight REIT became a listed associate of the Group and the financial results of Sunlight REIT were accounted for by the Group under the equity method of accounting commencing from 30 June 2023. Included in the aforementioned underlying profit contribution for the six months ended 30 June 2024 was an aggregate gain on step acquisitions by the Group of additional interests in Sunlight REIT in the amount of HK$76 million (2023: Nil) which resulted from the increase of Group's beneficial interest in Sunlight REIT from 20.536% at 1 January 2024 to 21.326% at 30 June 2024 through the Group's on-market purchases of 3,500,000 listed units of Sunlight REIT, the issuance of 12,366,346 new listed units of Sunlight REIT to the Group and Sunlight REIT's market repurchase of 1,000,000 issued listed units and the subsequent cancellation of such repurchased units, all during the six months ended 30 June 2024.

Joint ventures

The Group's attributable share of post-tax profits less losses of joint ventures during the six months ended 30 June 2024 amounted to HK$156 million (2023: HK$843 million), representing a decrease of HK$687 million (or 81%), from that for the corresponding six months ended 30 June 2023. Excluding the Group's attributable share of changes in fair value of investment properties held by the joint ventures (net of deferred taxation) during the periods, the Group's attributable share of the underlying post-tax profits less losses of joint ventures for the six months ended 30 June 2024 amounted to HK$224 million (2023: HK$864 million), representing a decrease of HK$640 million (or 74%), from that for the corresponding six months ended 30 June 2023. Such period-on-period decrease in the underlying post-tax profits during the six months ended 30 June 2024 was mainly due to (i) the net aggregate period-on-period decrease of HK$402 million in the Group's attributable share of post-tax profit contribution from property sales of the joint ventures in mainland China; (ii) the period-on-period increase of HK$94 million in the Group's attributable share of finance costs on the bank and other borrowings of the Group's certain joint ventures in Hong Kong and mainland China which were recognised in profit or loss of such joint ventures following the completion of their projects during the second half of 2023 and the first half of 2024; and (iii) the period-on-period decrease in the Group's attributable share of underlying post-tax profit of the ifc project of HK$64 million.

Finance costs

Finance costs (comprising interest expense and other borrowing costs) before interest capitalisation for the six months ended 30 June 2024 amounted to HK$3,433 million (2023: HK$3,012 million). Finance costs after interest capitalisation for the six months ended 30 June 2024 amounted to HK$820 million (2023: HK$905 million), and after set-off against the Group's bank interest income of HK$241 million for the six months ended 30 June 2024 (2023: HK$287 million), the Group recognised net finance costs in the Group's consolidated statement of profit or loss for the six months ended 30 June 2024 in the amount of HK$579 million (2023: HK$618 million).

The Group's overall effective borrowing rate for the six months ended 30 June 2024 was approximately 4.50% per annum (2023 : approximately 3.78% per annum).

Revaluation of investment properties and investment properties under development

The Group recognised a decrease in fair value on its investment properties and investment properties under development (before deferred taxation and non-controlling interests) of HK$146 million in the consolidated statement of profit or loss for the six months ended 30 June 2024 (2023: HK$109 million).

Financial resources and liquidity

Medium Term Note Programme

At 30 June 2024, the aggregate carrying amount of notes guaranteed by the Company and issued under the Group's Medium Term Note Programme established on 30 August 2011 ("MTN Programme") and under which the Company had on 6 May 2022 increased the maximum aggregate principal amount of notes outstanding at any one time from US$5,000 million to US$7,000 million, was HK$21,536 million (31 December 2023: HK$25,683 million) with tenures of between one year and twenty years (31 December 2023: between one year and twenty years).

During the six months ended 30 June 2024, the Group issued guaranteed notes under the MTN Programme denominated in HKD in the aggregate amount of HK$300 million (2023: denominated in RMB, United States dollars ("USD") and HKD in the aggregate equivalent amount of HK$6,847 million) with tenure of two years (2023: between two years and ten years). Such guaranteed notes issued by the Group serve to finance the Group's capital expenditure requirements as referred to in the paragraph headed "Capital commitments" below. These notes are included in the Group's bank and other borrowings at 30 June 2024 and 31 December 2023 as referred to in the paragraph headed "Maturity profile and interest cover" below. During the six months ended 30 June 2024, the Group repaid certain guaranteed notes in the aggregate principal amount of HK$4,468 million (2023: HK$6,526 million) under the MTN Programme.

Maturity profile and interest cover

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

	At 30 June 2024 HK$ million	At 31 December 2023 HK$ million
Bank and other borrowings repayable:		
- Within 1 year	**23,907**	30,744
- After 1 year but within 2 years	**19,200**	24,740
- After 2 years but within 5 years	**20,936**	16,962
- After 5 years	**18,489**	19,389
Amounts due to related companies	**3,570**	3,657
Total debt	**86,102**	95,492
Less:		
Cash and bank balances	**(15,079)**	(21,623)
Net debt	**71,023**	73,869
Shareholders' funds	**322,434**	326,542
Gearing ratio (%)	**22.0%**	22.6%

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

At 30 June 2024, the Group's total debt comprised (i) bank and other borrowings in Hong Kong, being bank loans of HK$58,532 million (31 December 2023: HK$64,291 million) and guaranteed notes of HK$21,536 million (31 December 2023: HK$25,683 million); (ii) bank borrowings in mainland China of HK$2,464 million (31 December 2023: HK$1,861 million); and (iii) amounts due to related companies of HK$3,570 million (31 December 2023: HK$3,657 million), which in aggregate amounted to HK$86,102 million (31 December 2023: HK$95,492 million). The bank and other borrowings in Hong Kong are unsecured and have a weighted average debt maturity profile of approximately 3.11 years (31 December 2023: approximately 2.87 years). The bank borrowings in mainland China are unsecured and have a weighted average debt maturity profile of approximately 3.67 years (31 December 2023: approximately 3.67 years). The amounts due to related companies are unsecured and have a weighted average debt maturity profile of approximately three years (31 December 2023: approximately three years).

In addition, at 30 June 2024, there was an amount due from the Group to a fellow subsidiary (being a wholly-owned subsidiary of the ultimate controlling party of the Group) of HK$64,758 million (31 December 2023: HK$62,448 million) which is unsecured, interest-bearing and had no fixed repayment terms. The funds advanced from such fellow subsidiary to the Group were used to replace bank loans which arose from the Group's land acquisitions during the year ended 31 December 2021.

At 30 June 2024, after taking into account the effect of swap contracts, 48% (31 December 2023: 52%) of the Group's total debt carried fixed interest rates.

The interest cover of the Group is calculated as follows:

	Six months ended 30 June	
	2024	2023
	HK$ million	HK$ million
Profit from operations (including the cumulative fair value change (net of tax) of investment properties disposed of during the period, but before changes in fair value of investment properties and investment properties under development for the period) plus the Group's share of the underlying profits less losses of associates and joint ventures	**6,598**	6,986
Net interest expense (before interest capitalisation)	**3,096**	2,634
Interest cover (times)	**2.13**	2.65

The decrease in the Group's interest cover for the six months ended 30 June 2024 was mainly due to the higher interest rates which prevailed during the period, as a result of which the Group's overall effective borrowing rate has increased from approximately 3.78% per annum during the corresponding six months ended 30 June 2023 to approximately 4.50% per annum during the six months ended 30 June 2024 (as referred to in the paragraph headed "Finance costs" above), which therefore increased the amount of net interest expense (before interest capitalisation) for the six months ended 30 June 2024.

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

Treasury and financial management

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

The Group conducts its business primarily in Hong Kong with the related cash flows, assets and liabilities being denominated mainly in Hong Kong dollars. The Group's primary foreign exchange exposure at 30 June 2024 arose from its property developments and investments in mainland China which were denominated in RMB, the guaranteed notes ("Notes") which were denominated in USD, RMB and Japanese Yen ("¥") and the bank borrowings which were denominated in ¥ and RMB at 30 June 2024.

In respect of the Group's operations in mainland China, apart from its capital contributions and, in some cases, loan contributions to projects which are denominated in RMB and are not hedged, the Group endeavours to establish a natural hedge by maintaining an appropriate level of external borrowings in RMB. In respect of the Notes and bank borrowings in Hong Kong at each of 30 June 2024 and 31 December 2023, hedging arrangements had been made by the Group with certain counterparty banks which comprised (i) interest rate swap contracts; (ii) cross currency swap contracts; (iii) cross currency interest rate swap contracts; and (iv) foreign exchange forward contracts to hedge against interest rate risk and foreign currency risk during their tenure. Based on the abovementioned swap and forward contracts, the aggregate amount of the Notes and bank borrowings in Hong Kong which were hedged against the interest rate risk only, the foreign currency risk only and both the interest rate risk and foreign currency risk, was HK$25,606 million at 30 June 2024 (31 December 2023: HK$29,623 million) which represented 30% of the Group's total debt at 30 June 2024 (31 December 2023: 31%).

Material acquisitions and disposals

There were no material acquisitions and disposals during the period under review.

Completion during the six months ended 30 June 2024 of a significant transaction entered into during the previous year ended 31 December 2023

Reference is made to an agreement entered into by the Group with an independent third party on 10 December 2023 pursuant to which the Group transferred to such party its entire interest in and shareholder's loan to a wholly-owned subsidiary which owns "Harbour East", being an investment property at No. 218 Electric Road, North Point, Hong Kong, for a cash consideration of HK$2,208 million (subject to adjustment). The transfer was completed on 28 January 2024 and total proceeds of HK$2,221 million representing the full consideration (as adjusted) was received by the Group. The Group recognised a gain on transfer attributable to underlying profit in the amount of HK$1,407 million during the six months ended 30 June 2024.

Resumption of certain land lots by the HKSAR Government

As disclosed in the announcement of the Company dated 2 June 2024, there were resumptions by the HKSAR Government of the Group's land lots of approximately 3.5 million square feet held in Hung Shui Kiu New Development Area and approximately 1.45 million square feet held in Fanling North and Kwu Tung North New Development Areas, the New Territories, of which the Group had accepted in April 2024 the offer from the HKSAR Government for the said land lot resumption relating to Fanling North and Kwu Tung North New Development Areas at an aggregate cash compensation of approximately HK$1,860 million, resulting in the Group's recognition of a gain on land resumption attributable to underlying profit before tax in the amount of HK$1,096 million for the six months ended 30 June 2024 (2023: Nil).

Charge on assets

The assets of the Group's subsidiaries were not charged to any party at 30 June 2024 and 31 December 2023.

Capital commitments

At 30 June 2024, capital commitments of the Group amounted to HK$21,163 million (31 December 2023: HK$20,130 million). In addition, the Group's attributable share of capital commitments undertaken by joint ventures and certain associates at 30 June 2024 amounted to HK$5,238 million (31 December 2023: HK$8,821 million).

Contingent liabilities

At 30 June 2024, the Group's contingent liabilities amounted to HK$13,733 million (31 December 2023: HK$12,387 million), which mainly included:-

(i) an aggregate attributable amount of HK$640 million (31 December 2023: HK$890 million) relating to performance bonds, guarantees and undertakings for the due and proper performance of the obligations of the Group's projects held by subsidiaries and joint ventures, the decrease of which was mainly attributable to the release of the Group's guarantees to certain banks in relation to the finance undertakings by such banks in favour of the HKSAR Government following the completion in November 2023 and June 2024 of the Group's two joint venture residential development projects at The Kai Tak Development Area in Hong Kong under the terms and conditions of the relevant land grants;

(ii) an amount of HK$1,350 million (31 December 2023: HK$1,394 million) relating to guarantees given by the Group to financial institutions on behalf of purchasers of property units of the Group's development projects in mainland China in relation to which the related Building Ownership Certificate (房產證) had not yet been issued at 30 June 2024 (and such guarantees will be released upon the issuance of the Building Ownership Certificate);

(iii) amounts of HK$1,670 million (31 December 2023: HK$1,670 million), HK$2,100 million (31 December 2023: HK$2,100 million), HK$1,314 million (31 December 2023: HK$1,314 million) and HK$2,940 million (31 December 2023: HK$2,940 million) relating to the Group's attributable and proportional shares (in accordance with the Group's attributable interests in four joint ventures engaged in the development of residential properties at The Kai Tak Development Area, and in which the Group has 29.3% interest, 30% interest, 18% interest and 30% interest respectively) of contingent liabilities in respect of irrevocable, unconditional and several guarantees given by the Group to certain lending banks in relation to the maximum amounts which may be drawn down on certain loan facilities which were entered into on 8 July 2019, 4 December 2019, 1 June 2020 and 30 October 2020 respectively between such lending banks and the four joint ventures; and

(iv) an amount of up to HK$3,278 million (31 December 2023: HK$1,638 million) relating to the Group's attributable and proportional share (in accordance with the Group's attributable interest in a joint venture engaged in the development of a site owned by the Urban Renewal Authority at Bailey Street/Wing Kwong Street, To Kwa Wan, Kowloon, Hong Kong and in which the Group has 50% equity interest (the "Developer")) of contingent liabilities in respect of an irrevocable, unconditional and several guarantee given by the Group to two lending banks in relation to 50% of the maximum amount which may be drawn down by the Developer on a loan facility of up to HK$6,556 million which was entered into on 29 December 2023 between such lending banks and the Developer (and part of such proceeds refinanced the previous loan facility pursuant to the loan facility agreement dated 25 July 2022 of up to HK$3,276 million entered into between a lending bank and the Developer and which matured on 28 January 2024).

Employees and remuneration policy

At 30 June 2024, the Group had 9,875 (31 December 2023: 9,835) full-time employees. The remuneration of the employees is in line with the market and commensurate with the level of pay in the industry. Discretionary year-end bonuses are payable to the employees based on individual performance. Other benefits to the employees include medical insurance, retirement scheme, training programmes and education subsidies.

Total staff costs for the six months ended 30 June 2024 amounted to HK$1,533 million (2023: HK$1,521 million), representing a period-on-period increase of 1%.

OTHER INFORMATION

Review of Interim Results

The unaudited interim results for the six months ended 30 June 2024 have been reviewed by the auditor of the Company, KPMG in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants.

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

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

Audit Committee

The Audit Committee met in August 2024 and reviewed the systems of internal control, risk management and compliance, and the interim report for the six months ended 30 June 2024.

Corporate Governance

During the six months ended 30 June 2024, the Company complied with the applicable code provisions set out in the Corporate Governance Code (the "CG Code") as stated in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), with the exception that the roles of the chairman and the chief executive officer of the Company have not been segregated as required by the CG Code. The Company is of the view that it is in the best interest of the Company that each of Dr Lee Ka Kit and Dr Lee Ka Shing, with his relevant in-depth expertise and knowledge in the Group's business, acts in the dual capacity as Chairman and Managing Director of the Company. Although the roles of the chairman and the chief executive officer of the Company have not been segregated, powers and authorities have not been over-concentrated as all major decisions are made in consultation with Board members as well as appropriate Board committees and senior management, who possess the relevant knowledge and expertise. Hence, the current arrangements are subject to adequate checks and balances notwithstanding the deviation.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules as the code for dealing in securities of the Company by the Directors (the "Model Code"). Having made specific enquiry, the Company confirmed that all Directors have complied with the required standards as set out in the Model Code.

Forward-Looking Statements

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

On behalf of the Board

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

Hong Kong, 21 August 2024

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