

# FY2024 Annual Results

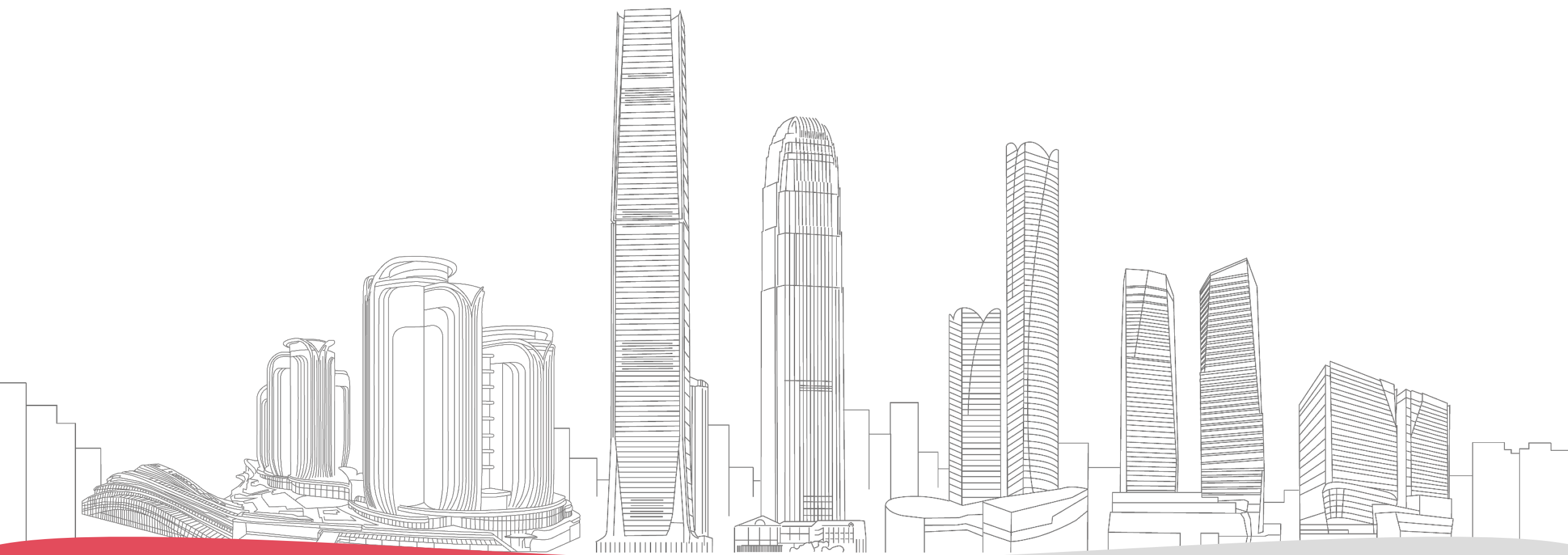
5 September 2024



Sun Hung Kai Properties

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Building Homes with Heart



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**FINANCIAL REVIEW – FY2024**

# Financial Highlights

	FY2024	FY2023	Change
Profit attributable to the Company's shareholders			
- Underlying <sup>(1)</sup> (HK\$ mn)	<b>21,739</b>	23,885	-9.0%
- Reported (HK\$ mn)	<b>19,046</b>	23,907	-20.3%
Basic earnings per share			
- Underlying <sup>(1)</sup> (HK\$)	<b>7.50</b>	8.24	-9.0%
- Reported (HK\$)	<b>6.57</b>	8.25	-20.3%
Final dividend per share (HK\$)	<b>2.80</b>	3.70	-24.3%
Total dividend per share (HK\$)	<b>3.75</b>	4.95	-24.2%

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

# Profit Breakdown by Segment

Profit Breakdown by Segment <sup>(1)</sup> (in HK\$ mn)	FY2024	FY2023	Change
(I) Property sales			
- Hong Kong	6,513	8,474	
- Mainland	1,337	2,825	
Sub-total	7,850	11,299	-30.5%
(II) Property rental			
- Hong Kong	13,423	13,249	
- Mainland	5,027	4,648	
- Singapore	550	564	
Sub-total	19,000	18,461	+2.9%
(III) Hotel operations	650	161	+303.7%
(IV) Other businesses	4,859	4,768	+1.9%
Total (I) + (II) + (III) + (IV)	32,359	34,689	-6.7%

(1) Including share of associates and joint ventures

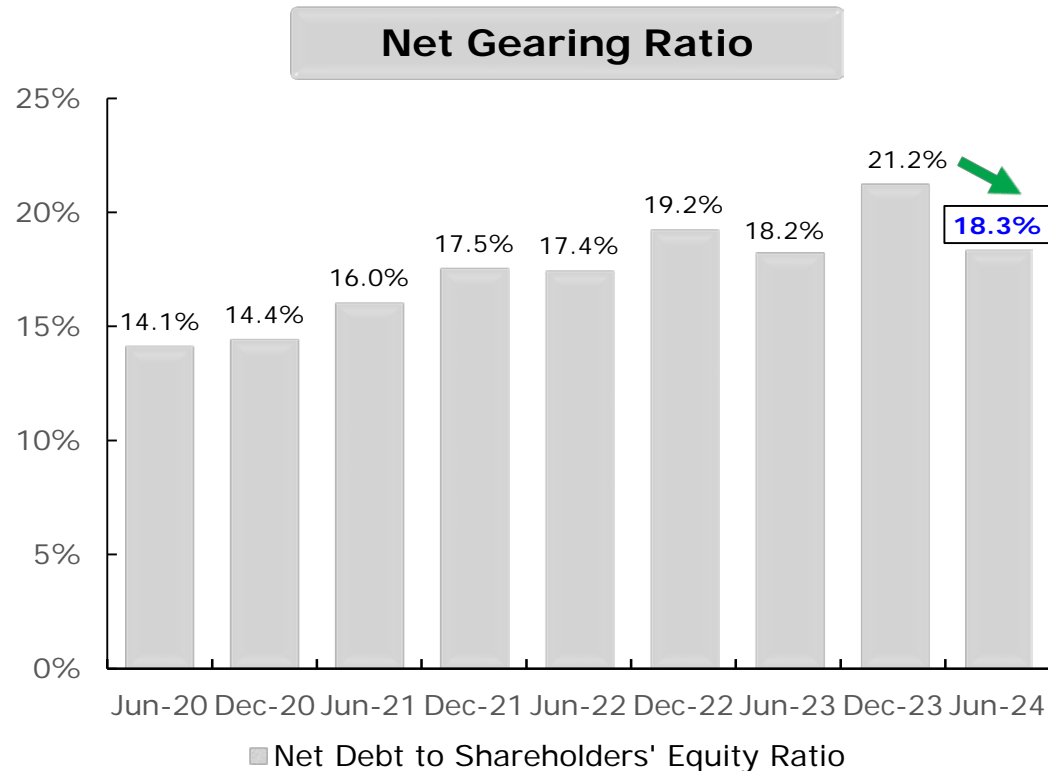
# Financial Position

As at	30 Jun 2024	31 Dec 2023	30 Jun 2023
Shareholders' equity (HK\$ mn)	<b>606,717</b>	602,330	602,055
- Shareholders' equity per share (HK\$)	<b>209.4</b>	207.9	207.8
Net debt (HK\$ mn)	<b>110,866</b>	127,786	109,773
Net gearing ratio <sup>(1)</sup>	<b>18.3%</b>	21.2%	18.2%
	<b>FY2024</b>		FY2023
Interest cover <sup>(2)</sup>	<b>4.6x</b>		6.8x

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

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

# Prudent Financial Management



## Ongoing measures of cash-flow management:

- Strictly control construction capex
- Strengthen recurring income from property investment portfolio & non-property businesses
- Achieve fast asset turnover for property development business

- Expect to see lower net gearing ratio by the end of FY2025
  - ❖ Over HK\$28bn of sales proceeds<sup>(1)</sup> are expected to be received by June 2025

(1) As at 30 June 2024



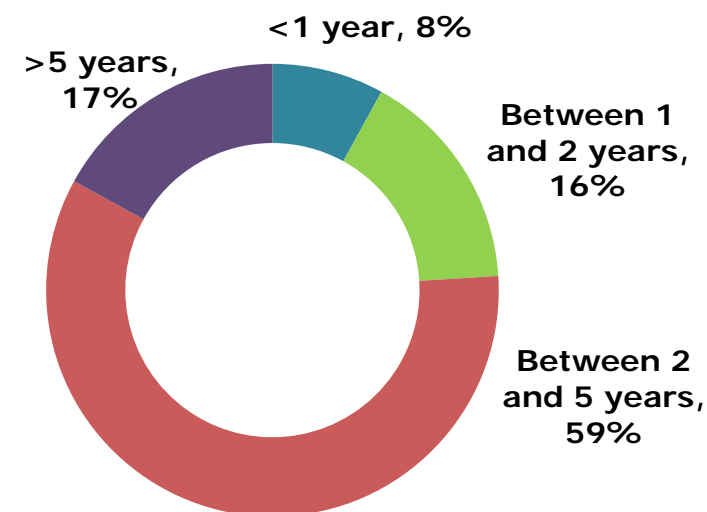
# Prudent Financial Management (Cont'd)

**A better alignment of RMB-denominated assets and liabilities via additional borrowings in RMB**

Debt (HK\$bn)		As at 30 Jun 24	As at 31 Dec 23
Fixed	HKD	32.9 (26%)	34.5 (25%)
	RMB	6.8 (5%)	4.8 (4%)
Floating	HKD	67.0 (53%)	78.6 (58%)
	RMB	18.7 (15%)	16.2 (12%)
	Other	1.7 (1%)	1.7 (1%)
Total		127.1 (100%)	135.7 (100%)
▪ Fixed-rate or RMB floating debt		58.4 (46%)	55.5 (41%)

**Fixed & RMB Floating Rate Debt: 46% ↑**

## Debt Maturity Profile



Prudent financial policy

Diversified funding sources

Balanced debt maturity profile

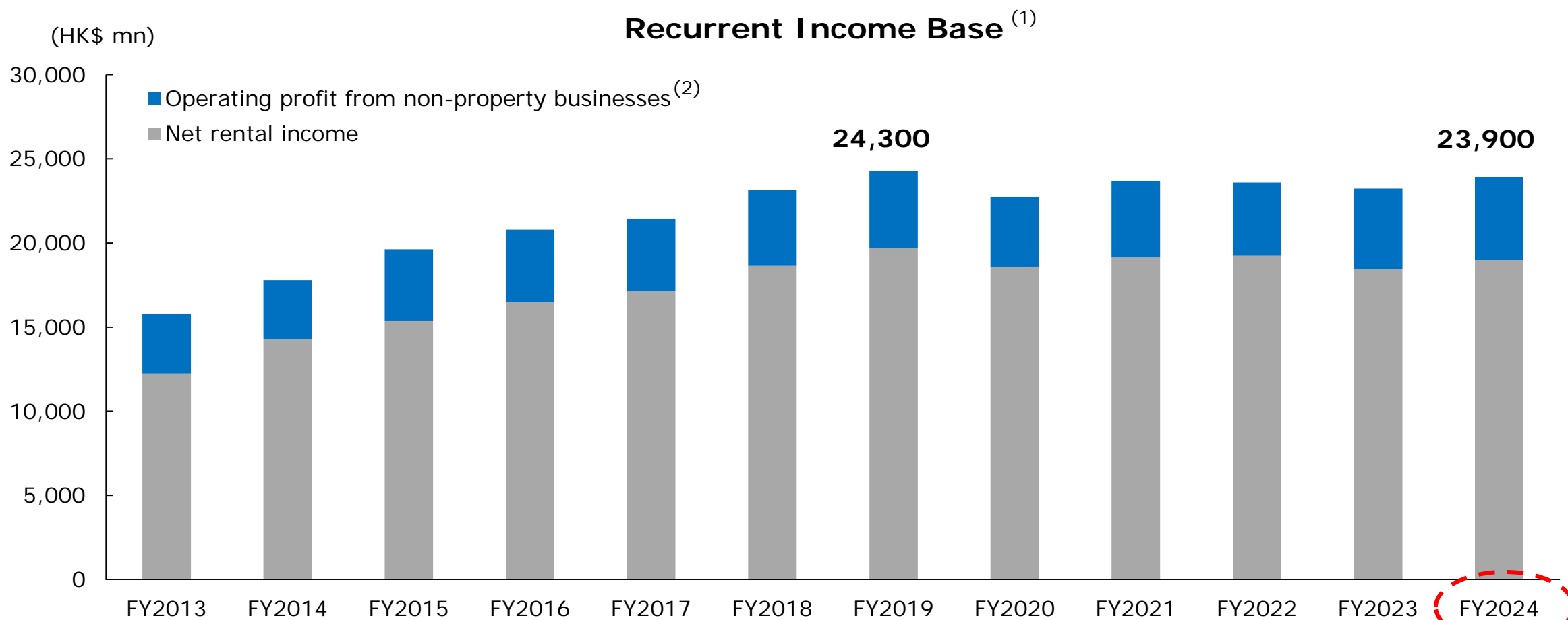
Ample liquidity

**S&P Global**  
Ratings  
**A+ / Stable**

**MOODY'S**  
**A1 / Neg**

# Sizeable Recurrent Income – Property Investment and Non-Property Businesses

- Recurrent income was just **1.6% below the peak level** in FY2019



(1) On consolidated basis, as at 30 June 2024

(2) Non-property businesses include telecommunications, transport/infrastructure/logistics, data center operations and others

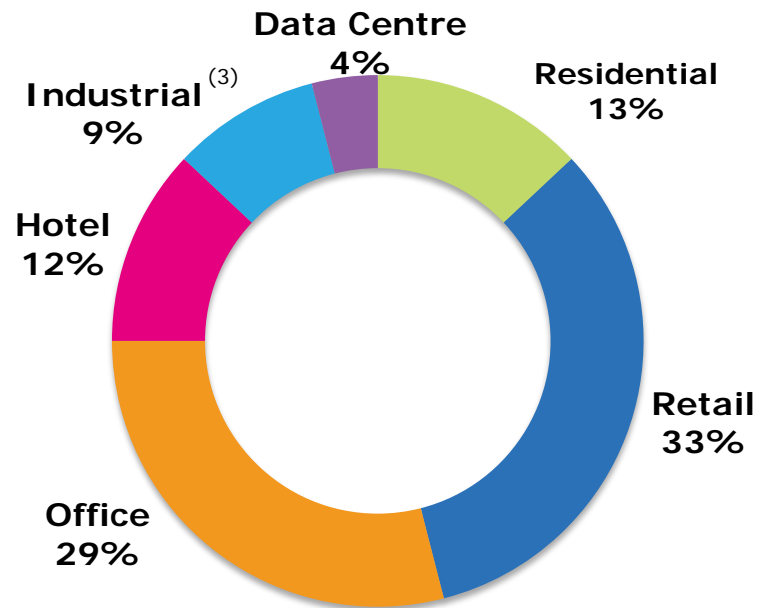


**PROPERTY BUSINESS –  
HONG KONG LAND BANK**

# Land Bank in Hong Kong

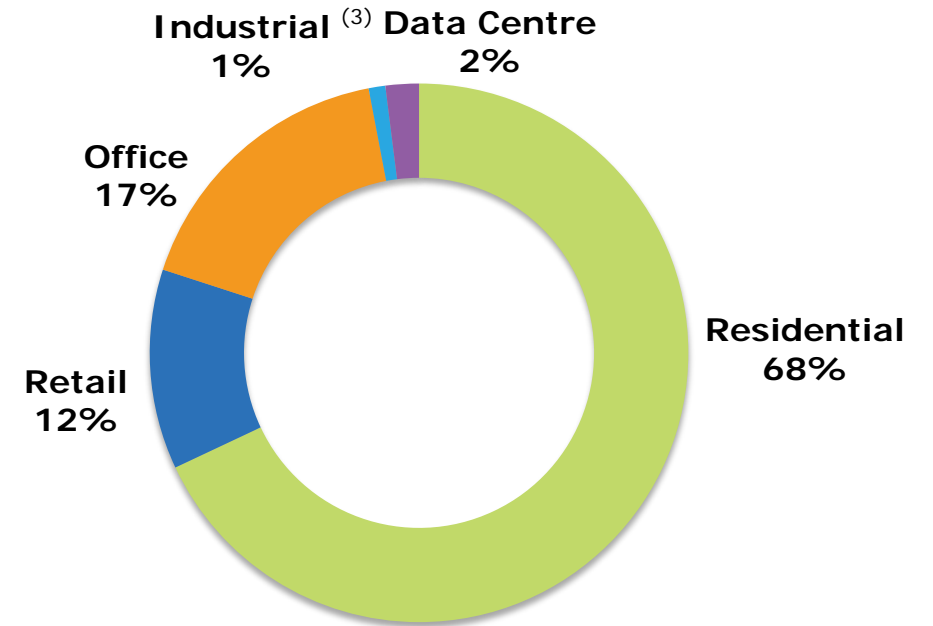
- Total land bank as at 30 June 2024: **57.8 mn sq.ft.**<sup>(1)</sup>

## Completed Properties



**Total: 38.2 mn sq.ft.**<sup>(2)</sup>

## Properties under Development



**Total: 19.6 mn sq.ft.**

(1) In attributable terms

(2) An overwhelming majority are for rent/investment

(3) Including industrial/office premises and godowns

## Land Bank in Hong Kong (Cont'd)

- Added three residential sites through lease modifications

Location	Usage	Stake (%)	Gross Floor Area (square feet)
(1) Lot No. 1696 in DD 115, Tung Shing Lei, Yuen Long	Residential/Shops	100	776,000
(2) Sha Tin Town Lot No. 537, Heung Fan Liu, Sha Tin	Residential	100	521,000
(3) Lot No. 1071 in DD 103, Kam Tin, Yuen Long	Residential	100	251,000
<b>Total for FY24</b>			<b>1,548,000</b>

- Added two sites, totalling 465,000 sq.ft. of GFA, after the end of financial year
- Adhere to its prudent financial discipline in land bank replenishment
- Land Resumption:
  - ❖ ~1.5mn sq.ft. in Kwu Tung North/Fanling North New Development Area
    - Cash compensation of ~HK\$1.9bn and the corresponding gain has been recognized in FY2023/24
  - ❖ ~2.5mn sq.ft. in Hung Shui Kiu/Ha Tsuen New Development Area
    - Cash compensation of ~HK\$2.7bn will be recognized in FY2024/25



**PROPERTY BUSINESS –  
HONG KONG PROPERTY DEVELOPMENT**

# Recognized Property Sales in Hong Kong

Property Sales <sup>(1)</sup>	FY2024	FY2023	Change
Revenue (HK\$ mn)	24,745	23,866	↑ 3.7%
Operating profit (HK\$ mn)	6,513	8,474	↓ 23.1%

- Major contributors:
  - ❖ NOVO LAND Phases 2A & 2B, University Hill Phases 2A & 2B, Silicon Hill and Grand YOHO Phase 2
- Completed ~2.5mn sq.ft. of attri. residential GFA in FY2024
- About **HK\$24.9bn**<sup>(2)</sup> contracted sales yet to be recognized
  - ❖ Of which about **HK19.6bn** is expected to be recognized in FY2025



(1) Including shares of associates and joint ventures

(2) As at 30 June 2024

# Contracted Sales in Hong Kong for FY2024

- Residential market became active following the withdrawal of cooling measures in February 2024, but has softened in recent months due to the prevailing high interest rate environment
- Among contracted sales of HK\$25.6bn, **35%** or **HK\$8.9bn came from completed stocks** (including Dynasty Court)

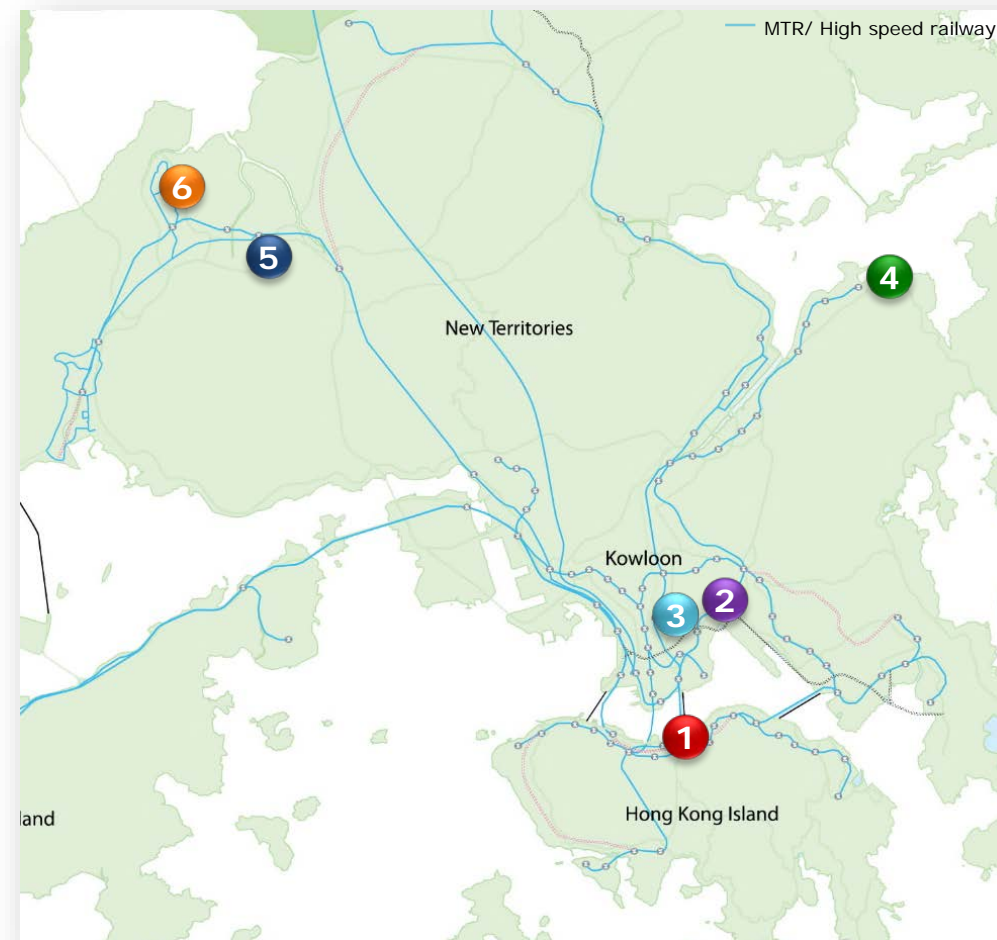
Project	Stake (%)	Attri. Sales Proceeds (HK\$ bn)
YOHO WEST Phase 1, Tin Shui Wai	JV	6.5
The YOHO Hub II, Yuen Long	JV	3.8
Cullinan Harbour Phase 1, Kai Tak	100	3.1
Dynasty Court Tower 2 & 3, Mid-Levels Central	100	2.6
Completed stocks		6.3
Others		3.3
<b>Total</b>		<b>25.6</b>



# New Projects to be launched in the **Next 9 Months**

Project	District	Stake (%)	Attri. GFA (sq.ft.)
(1) Victoria Harbour II	North Point	100	258,000
(2) Cullinan Sky Ph.1	Kai Tak	100	571,000
(3) 233 Prince Edward Road West	Ho Man Tin	58	42,000
(4) Sai Sha Project Ph.1	near Ma On Shan	100	862,000
(5) The YOHO Hub II (Tower 6)	Yuen Long	JV	320,000
(6) YOHO WEST Ph.2	Tin Shui Wai	JV	234,000
<b>Total:</b>			<b>2,287,000</b>

- Continue to put up for sale its unsold completed residential units and some non-core properties

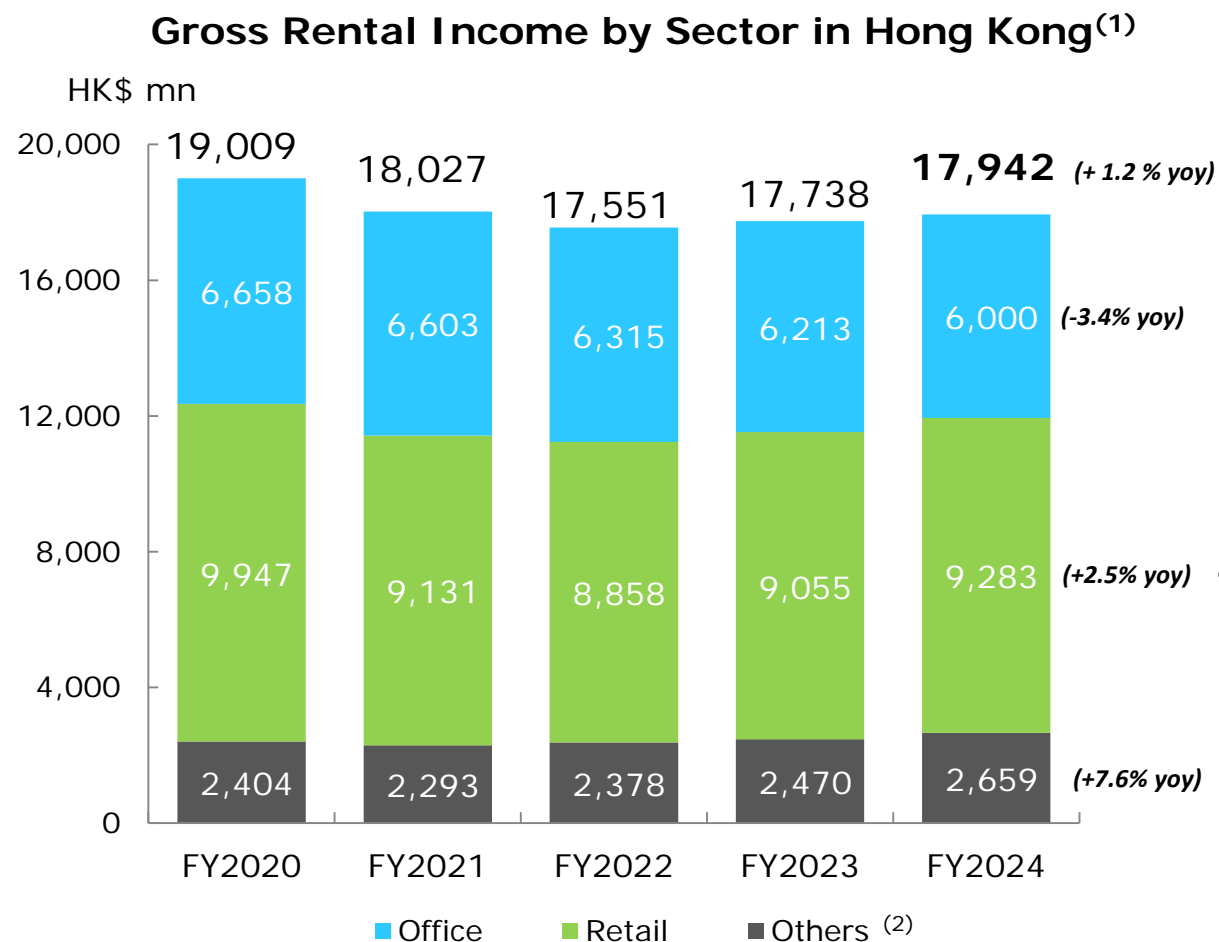




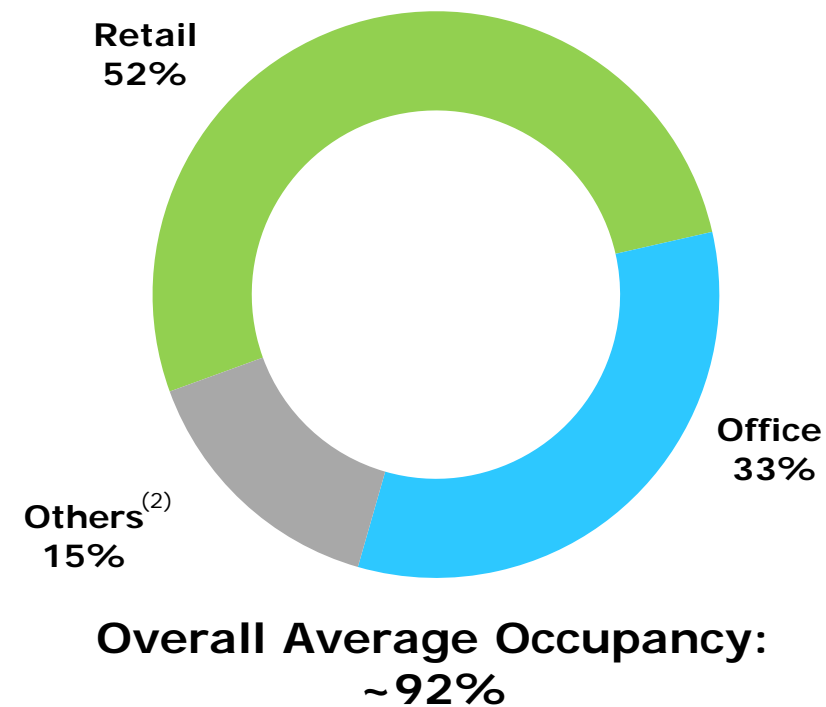
**PROPERTY BUSINESS –  
HONG KONG PROPERTY INVESTMENT**

# Rental Income – Hong Kong

- Gross rental income registered modest growth in FY2024



Rental income growth from retail and serviced apartment portfolios offset the decrease registered in office portfolio



(1) Including shares of associates and joint ventures; (2) Residential, industrial and car parks

# Hong Kong Retail Portfolio

- Registered a moderate increase in rental income with a stable occupancy of 94%
- Adopt multi-pronged approach to strengthen competitive edge

## Proactive Approach



# Initiatives to Enhance Shoppers' Experience

- Flagship or regional malls located along railway lines with mature transportation networks, and well-connected to surroundings by covered footbridges
- Launching promotional campaigns in conjunction with mega events to drive footfall (e.g. sports-related activities during Olympic Games)
- Ongoing asset enhancement
  - ❖ Introduce more pet- and family-friendly facilities through refurbishing outdoor areas



# Initiatives to Enhance Shoppers' Experience (Cont'd)

- The Point leveraged the SHKP's extensive retail network and hotel footprints to strengthen membership recruitment efforts

## EV Super Charging Services

- Expanding EV charging network
- Soon-to-be-launched pre-booking for EV charging service for special members



## Contactless Parking Service

- Available across 100 car parks

## Instant Point Earn

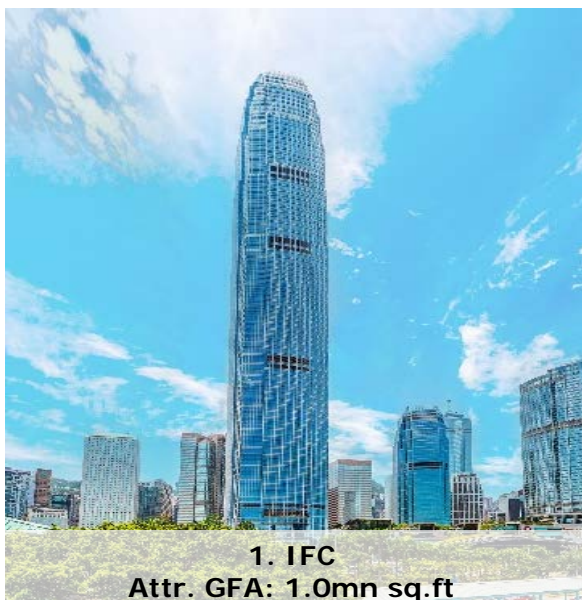
- Allow members to earn reward points instantly after purchases and use them as Point Dollars
- Extend to about 60% of tenants of Group's major malls since its launch in early 2024

## Collaboration with GO Royal by SHKP

- Enrich customer experience
- Allow The Point members to enjoy privileges

# Hong Kong Office Portfolio

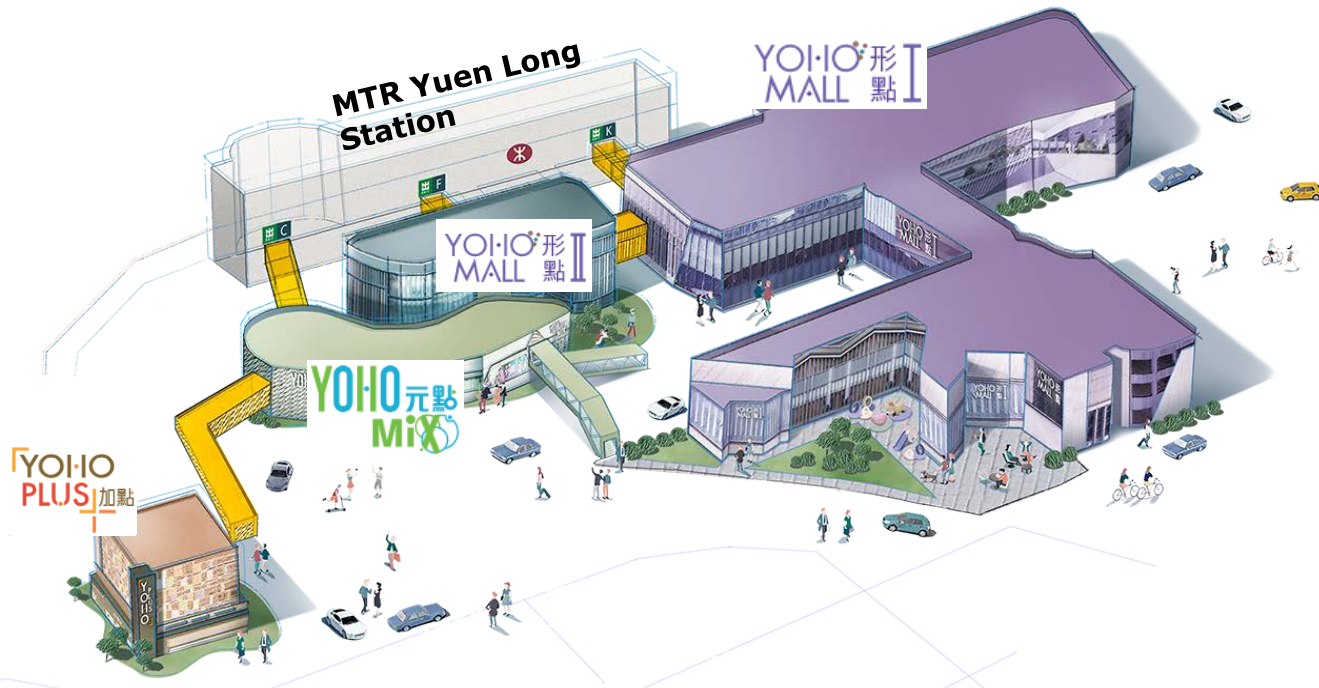
- Reported an average occupancy of about 91%
- Benefitted from the trend of flight-to-quality
- Differentiate itself through a diversified quality portfolio, high green-building standards that meet tenants' ESG goals
- Continue to upgrade its major existing buildings



# Expanding Portfolio to Support Recurring Income Base

**Incremental contribution** to strengthen the recurring income base in the **near-term**

- YOHO MIX and YOHO Plus recently opened in June 2024
- Introduce popular brands and restaurants debuting in Hong Kong with pet- and family-friendly open spaces
- **One-Stop All-Linked YOHO Mall:** largest retail cluster (~1.1mn sq.ft) in northwest New Territories





# Expanding Portfolio to Support Recurring Income Base (Cont'd)

- Recurrent income base will be further expanded in the **near-to-medium term** as new investment properties will come on stream
- Create strong synergy with the Group's existing portfolio in the vicinity

**FY2023/24**

**FY2024/25**

**FY2025/26**

**FY2026/27**

**Beyond**

**YOHO MIX, Yuen Long**  
Retail GFA: 107,000 sq.ft.

**Mall beneath The Millennity, Kwun Tong (71.9%)**  
Attr. Retail GFA: 360,000 sq.ft.

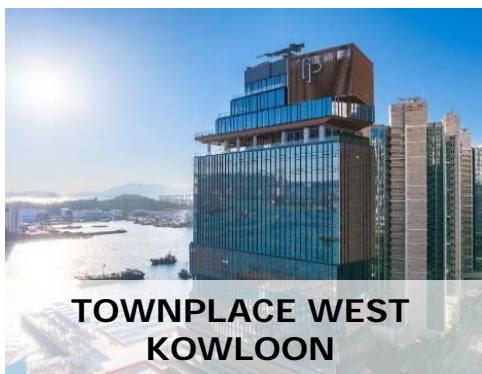
**High Speed Rail West Kowloon Terminus Development (JV) - International Gateway Centre (IGC) office portion**  
Attr. Office GFA : 1.2mn sq.ft.

**High Speed Rail West Kowloon Terminus Development – retail portion**  
Retail GFA: 603,000 sq.ft.

**Mong Kok Commercial Complex**  
Total GFA: 1.4mn sq.ft.

**TOWNPLACE WEST KOWLOON, West Kowloon**  
GFA: 374,000 sq.ft.

**Artist Square Towers Project (BOT project)**  
Office GFA: 672,000 sq.ft. /  
Retail GFA: 27,000 sq.ft.



# Expanding Portfolio to Support Recurring Income Base (Cont'd)



**High Speed Rail West Kowloon Terminus Development  
International Gateway Centre (IGC) (office portion)**

Stake:	JV (Office) / 100% (Retail)
Attri. GFA:	1.2mn sq.ft. (Office) 603,000 sq.ft. (Retail)

- Two sets of twin-block premium grade-A office towers, named as International Gateway Centre (IGC)
  - ❖ UBS took an entire block as its regional headquarters
  - ❖ Attained highest ratings across major sustainable building pre-certification programmes (e.g. LEED and WELL)
  - ❖ Exchange of green lease with UBS
- Ready for handover starting from early 2026
- **Create strong synergy** with the Artist Square Towers Project under construction and the ICC cluster

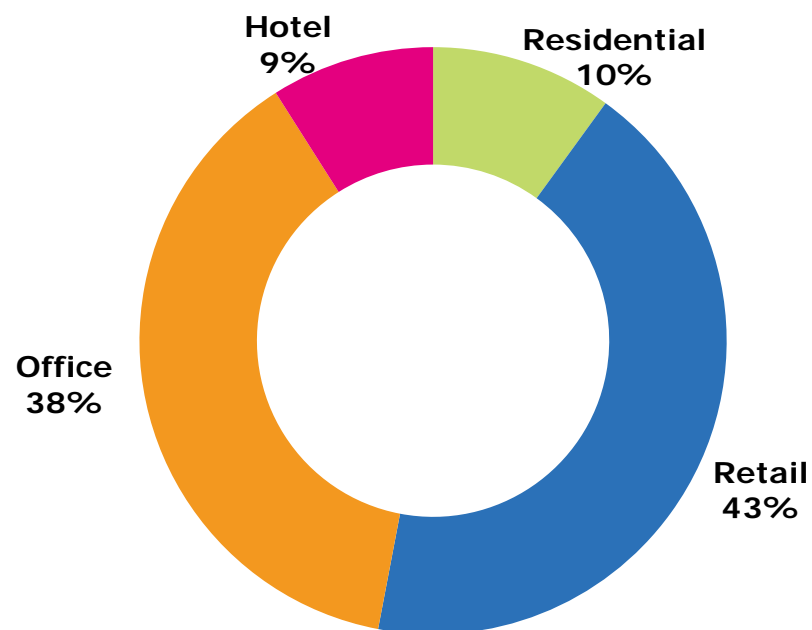


**PROPERTY BUSINESS –  
MAINLAND LAND BANK**

# Land Bank on the Mainland

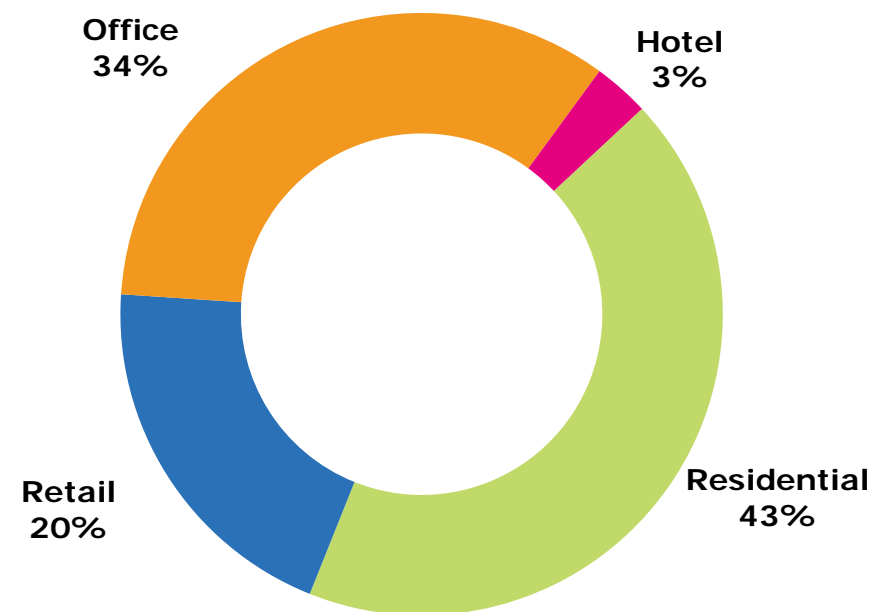
- Total land bank as at 30 June 2024: **66.7 mn sq.ft.**<sup>(1)</sup>

## Completed Properties



**Total: 21.0 mn sq.ft.**<sup>(2)</sup>

## Properties under Development



**Total: 45.7 mn sq.ft.**

(1) In attributable terms

(2) An overwhelming majority are for rent/investment



**PROPERTY BUSINESS –  
MAINLAND PROPERTY DEVELOPMENT**

# Recognized Property Sales on the Mainland

Property Sales <sup>(1)</sup>	FY2024	FY2023	Change
Revenue (HK\$ mn)	2,677	5,250	↓ 49.0%
Operating profit (HK\$ mn)	1,337	2,825	↓ 52.7%

- The decline was mainly due to lower sales volume of residential units
- Maintained satisfactory development margins
- About **RMB12.6bn**<sup>(2)</sup> contracted sales yet to be recognized
  - ❖ Of which about **RMB8.0bn** is expected to be recognized in FY2025



(1) Including shares of associates and joint ventures

(2) As at 30 June 2024

# Contracted Sales on the Mainland for FY2024

- In FY2024, the Group achieved attributable contracted sales of over **RMB11.0 bn**<sup>(1)</sup> on the mainland, mainly from the sale of residential units at Shanghai Arch and Hangzhou IFC
- Over the **next 9 months**, the Group plans to launch:

Project	Location	Stake (%)	Attri. GFA (sq.ft.)
Hangzhou IFC (River West) (Serviced Apartments)	Hangzhou	JV <sup>(2)</sup>	115,000
Lake Genève (Phase 2A)	Suzhou	90	245,000
Forest Park, Guangzhou South Station ICC (New Batch)	Guangzhou	100	141,000
Oriental Bund (New Batch)	Foshan	50	429,000
<b>Total</b>			<b>930,000</b>

(1) Contracted sales in terms of HKD amounted to about HK\$11.9bn

(2) The Group has a 50% interest in River West site



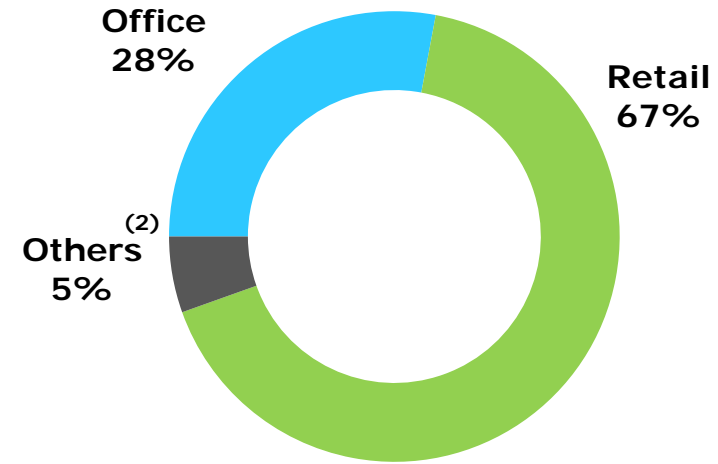
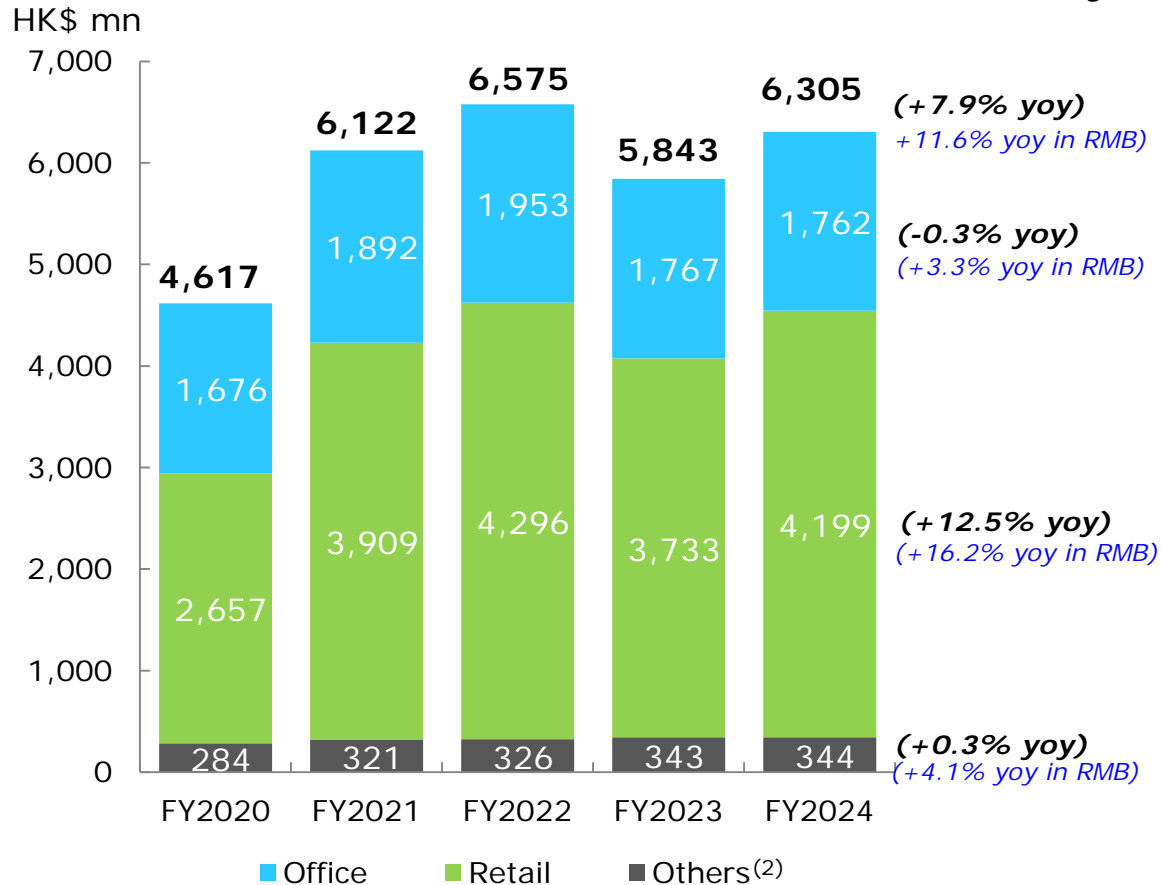
**PROPERTY BUSINESS –  
MAINLAND PROPERTY INVESTMENT**



# Rental Income on the Mainland

- The increase was mainly contributed by the increase in retail portfolio and incremental contribution from Nanjing IFC Mall and Three ITC Tower A office in Shanghai

Gross Rental Income by Sector on the Mainland<sup>(1)</sup>



Gross Rental Income	FY2024	Change
in HK\$ mn	6,305 <sup>(3)</sup>	↑ 7.9%
in RMB mn	5,822	↑ 11.6%

(1) Including shares of associates and joint ventures; (2) Residential, car parks and others; (3) Representing 25% of the Group's total gross rental income

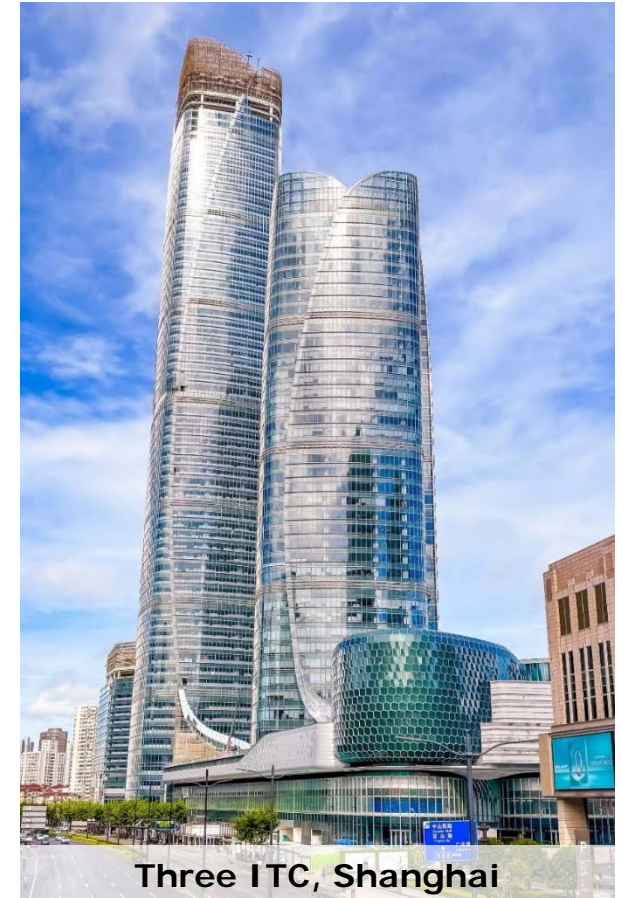
# Existing Mainland Property Investment – Retail Portfolio

- The Group's major malls maintain high occupancy with positive rental reversion
- Enjoy synergy from being a part of large-scale integrated projects with excellent connectivity
- Proactive approach in managing its retail portfolio with distinctive market positioning and innovative promotional events
- Shanghai IFC Mall has established itself as a must-visit distinctive luxury destination for shoppers
  - ❖ Maintain high occupancy



# Existing Mainland Property Investment – Office Portfolio

- The Group's grade-A offices in Shanghai, including Shanghai IFC, Shanghai ICC and One and Two ITC achieved satisfactory occupancies
- Tower A of Three ITC is ramping up with 70% committed occupancy



# Expanding Property Investment Portfolio on the Mainland

## Nanjing IFC Mall, Nanjing

- A one-million-sq.ft. mall with seamless connections to metro lines
- Hosted its grand opening in July 2024 with high occupancy
- House duplex luxury flagships and new concept stores of renowned retailers
- Innovative western-garden-themed interior design and striking facade
- Offer an array of gourmet choices ranging from cafes to renowned restaurants
- Complement Andaz Nanjing Hexi and grade-A office towers within the complex



Nanjing IFC Mall, Nanjing

# Expanding Property Investment Portfolio on the Mainland (Cont'd)



Three ITC, Final Phase of ITC in Shanghai

## Project Details

Stake:	100%
ITC Total GFA:	7.6mn sq.ft.
Of which, Three ITC:	
Tower A (220-metre-tall office)	1.1mn sq.ft. (completed)
Tower B (370-metre-tall office)	2.4mn sq.ft.
ITC Maison (Flagship mall)	Over 2.6mn sq.ft.
Andaz Shanghai ITC (Hotel)	0.4mn sq.ft.

## Three ITC, Shanghai

- Rental portfolio on the mainland to be further expanded upon its full completion
- Tower A office was completed in FY23 with committed occupancy exceeding 70%
- Green buildings: Tower A and Tower B have obtained Platinum certification and pre-certification from LEED and WELL, respectively
- ITC Maison flagship mall: Feature a mix of top-notch brands with new retail formats
  - ❖ Encouraging initial responses
- Tower B office skyscraper, ITC Maison and Andaz Shanghai ITC hotel are scheduled for completion from 2025 onwards



**HOTEL BUSINESS**

# Hotel Business

Hotel Operation <sup>(1)</sup>	FY2024	FY2023	Change
Revenue (HK\$ mn)	5,261	4,215	↑ 24.8%
Operating profit (HK\$ mn)	650	161	↑ 303.7%

- The Group's hotels in Hong Kong achieved a notable recovery despite slower-than-expected return of inbound tourists
  - ❖ Room rate and occupancy continued to improve
- Ritz-Carlton Shanghai, Pudong registered record high in both average room rates and RevPAR
- Four Seasons Hotel Suzhou, opened in December 2023, has rapidly garnered a stellar reputation



(1) Including shares of associates and joint ventures



**SUSTAINABILITY**



# Sustainability Initiatives – Environmental

- To disclose Scope 3<sup>(1)</sup> emissions for increasing transparency



## Green buildings

- Committed to achieving LEED Gold or Platinum ratings for new major commercial projects
- Exchanged a green lease with an anchor tenant



## Renewable energy

- Developed Hong Kong's first solar farm built on a landfill
- Owned a number of solar panels



## Electric applications

- Installed super-fast EV charging facilities in SHKP malls
- Purchased electric construction equipment to replace diesel counterparts



## Supply chain

- Sanfield launched Hong Kong's first Sustainability-linked Supplier Payment Services programme in the construction industry in collaboration with a bank

(1) Scope 3 includes specific indirect emissions that occur in the upstream (e.g. supply chain) and downstream (e.g. customers) activities of an organization

# Sustainability Initiatives – Social



LPH on Yau Pok Road in Yuen Long



## Light Public Housing

- Lent a site in Yuen Long to HKSAR Government to provide 2,100 light public housing (LPG) units



## Tourism is everywhere in Hong Kong

- Hosted engaging promotional activities during the Olympic Games in SHKP malls



SHKP Read to Dream programme



## Strong advocate for reading

- Provided venue for 2024 Hong Kong Reading+ carnival
- Encouraged reading among young people and in the community



Sun Hung Kai Properties  
Hong Kong Cyclothon



## Sports-for-charity

- Supported a wide range of sports-for-charity initiatives
- Promoted community sports and a healthy lifestyle



# MARKET AND BUSINESS PROSPECTS

# Market Prospects

## Hong Kong

- The economy is expected to register modest growth in the near term despite a challenging external environment
- Potential interest rate cut should further benefit the housing market, while rising home rents supported by solid underlying housing demand
- Relentless efforts by the Government to foster a mega-event economy and the recovery of passenger flight capacity will support the revival of inbound tourism

## Key Cities on the Mainland

- Policies in cultivating new quality productive forces, advancing high-standard opening up and unleashing domestic demand will render further support to structural transformation and steady economic growth
- Supportive measures should help steer the property sector towards a more sustainable path over the medium term

# Business Prospects

- Emphasizing on **cash flow management**, the Group will continue to adhere to its **prudent financial discipline**
  - ❖ Strictly control capital expenditure
    - ✓ The overall construction capex is expected to decrease meaningfully in the next few financial years
  - ❖ Strengthen recurring income from property investment portfolio & non-property businesses
  - ❖ Achieve fast asset turnover for property development business, including disposal of non-core properties
  - ❖ Achieve long-term growth in recurring income with sizeable rental properties under development both in Hong Kong and on the mainland

# Business Prospects (Cont'd)

- **Strengthen the competitiveness of property investment portfolio**
  - ❖ **Upgrading its properties** by making use of digital initiatives to enhance service quality, in addition to leveraging the strengths of its sizeable quality portfolio in prime locations
  - ❖ **New developments** will bring additional cash flows and rental income to the Group in the next two to three years, including:
    - ✓ The shopping mall underneath The Millennity and High Speed Rail West Kowloon Terminus Development in Hong Kong
    - ✓ Three ITC in Shanghai
- **Capitalize on strong reputation for delivering high-quality properties to achieve high asset turnover for property development business**
  - ❖ Continue to launch new residential projects for sale and put up for sale its unsold completed residential units and some non-core properties

# Endowed with Financial and Operational Strengths to Navigate Challenges



*Over the past half-century, the Group has been shaping Hong Kong's cityscape with iconic landmark developments which have built its history and long-running reputation for quality. The Group's customer-centric culture has earned trust and long-term relationships with tenants and customers. **Adhering to prudent financial discipline**, the Group has achieved sound performance and resilience in weathering various economic downturns. Moving forward, the Group will **uphold its unwavering commitment to quality, flexibility in moving with the times, and prudent financial discipline**. Supported by its solid foundation, including time-tested business strategies and strong execution teams, the Group firmly believes it can rise above challenges and achieve long-term growth by continuing to build quality properties to meet the public's aspirations for a healthy and environmentally friendly community.*

Kwok Ping-luen, Raymond  
Chairman & Managing Director  
5 September 2024

*(Extracted from Chairman's Statement, FY2024 Annual Results)*

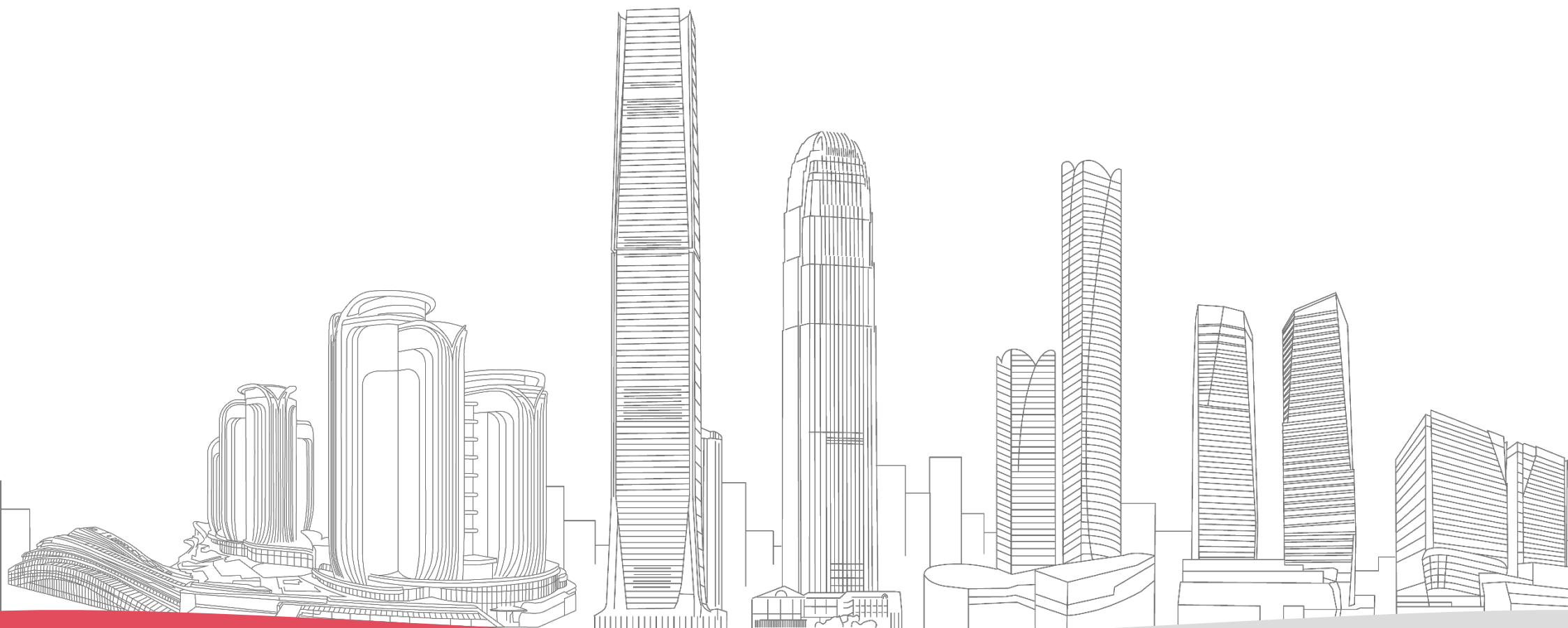




**Sun Hung Kai Properties**

*Building Homes with Heart*


**Thank you**






# Appendix: Sustainability Performance


## Energy Management

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


## Greenhouse Gas Emissions Management

-  Disclosed its Scope 3<sup>(2)</sup> emissions starting from FY2024
- Fulfilled the initial target of reducing the Scope 1 and 2 greenhouse gas (GHG) emissions intensity of its EOC-monitored buildings<sup>(1)</sup> by 25% by FY2024
- To set a new target for GHG emissions reductions


## Water Management

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

## Waste Management

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

## Green Buildings

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

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

(2) Scope 3 includes specific indirect emissions that occur in the upstream (e.g. supply chain) and downstream (e.g. customers) activities of an organization

# Appendix: Sustainability Performance (Cont'd)



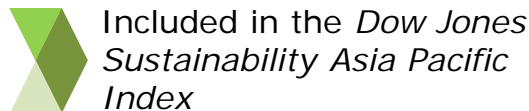
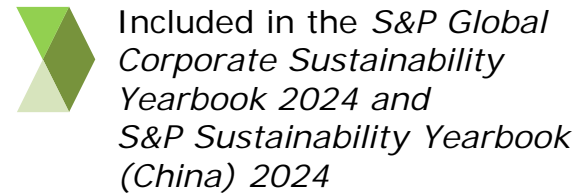
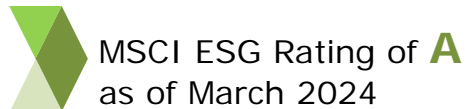
## Task Force on Climate-related Financial Disclosures (TCFD)

- Disclosed its Scope 3<sup>(1)</sup> emissions starting from 2023/24
- Made reference to the recommendations of the TCFD framework under the four pillars – Governance, Strategy, Risk Management and Metrics and Targets
- Made reference to the latest ISSB IFRS S2 Climate-related Disclosures

## Local Ratings and Recognitions<sup>(2)</sup>



## International Ratings and Recognitions<sup>(2)</sup>



## Sustainability Report 2023/24



Available in early October 2024

Please refer to the Sustainability Report: <https://www.shkp.com/en-US/sustainable-development/sustainability-reports>

(1) Scope 3 includes specific indirect emissions that occur in the upstream (e.g. supply chain) and downstream (e.g. customers) activities of an organization

(2) For the disclaimer, please refer to: <https://www.shkp.com/en-US/sustainable-development/sustainability-reports>