新鴻基地產發展有限公司
Sun Hung Kai Properties Limited

(Incorporated in Hong Kong with limited liability)
Stock Codes : 16 (HKD counter) and 80016 (RMB counter)

2024 / 25 Interim Results

CHAIRMAN'S STATEMENT

I am pleased to present my report to the shareholders.

RESULTS

The Group's underlying profit attributable to the Company's shareholders for the six months ended 31 December 2024, excluding the effect of fair-value changes on investment properties, amounted to HK$10,463 million, compared to HK$8,906 million for the corresponding period last year. Underlying earnings per share were HK$3.61, compared to HK$3.07 for the same period last year.

Reported profit and reported earnings per share attributable to the Company's shareholders were HK$7,523 million and HK$2.60 respectively, compared to HK$9,145 million and HK$3.16 for the corresponding period last year. The reported profit for the period included a decrease in fair value of investment properties net of deferred taxation and non-controlling interests of HK$2,034 million, compared to an increase of HK$432 million for the same period last year.

DIVIDEND

The directors have declared an interim dividend payment of HK$0.95 per share for the six months ended 31 December 2024, the same as the corresponding period last year. The dividend will be payable on 20 March 2025.

BUSINESS REVIEW

Development Profit and Rental Income

Development Profit

For the period under review, the Group's profit generated from property sales reached HK$2,506 million, as compared to HK$2,040 million during the corresponding period last year. Contracted sales during the period totalled about HK$25,500 million in attributable terms.

Rental Income

During the period, the Group's gross rental income, including contributions from joint ventures and associates, decreased by 1% year-on-year to HK$12,280 million, while net rental income decreased by 3% year-on-year to HK$9,004 million.

Property Business – Hong Kong

Land Bank

As at 31 December 2024, the Group's attributable land bank in Hong Kong amounted to about 56.9 million square feet. Of these, about 37.6 million square feet were diversified completed properties, an overwhelming majority of which were for rental and long-term investment purposes, contributing to the Group's substantial recurring income. Some 12.9 million square feet of the remainder were residential properties under development for sale, which will be adequate to meet the Group's development needs over the medium term.

During the period under review, the Group added two residential sites with a total gross floor area of about 465,000 square feet to its land bank. Details of the additions are shown in the table below.

Location	**Usage**	**Group's Interest** (%)	**Attributable Gross Floor Area** (square feet)
Fanling Sheung Shui Town Lot No. 307, Fanling North	Residential/Shops	100	308,000
Sha Tin Town Lot No. 623, Siu Lek Yuen, Sha Tin	Residential	100	157,000
Total			**465,000**

Adhering to its prudent financial discipline in land bank replenishment, the Group acquired two residential sites through public tenders subsequent to the end of the review period. In January 2025, the Group won the tender for a site comprising a total gross floor area of 194,000 square feet in Tai Wai. Boasting tranquillity in a mature community with easy access to public transport and neighbourhood facilities, the site will be developed into a residential development, providing mainly small- and medium-sized units to meet end-user demand. In February 2025, the Group also acquired a harbourfront site located at Tung Chung New Town Extension. Served by the future MTR Tung Chung East Station, the site offers panoramic sea view and design flexibility. It will be developed into a residential project with a total gross floor area of about 401,000 square feet, which together with the planned facilities and amenities in the vicinity will form a new and vibrant community. These additions have brought the Group's land bank to 57.5 million square feet.

Property Development

Driven by lower mortgage interest rates and relaxation of mortgage rules in the second half of 2024, Hong Kong's primary residential market saw solid activity despite a soft domestic economic environment and keen competition. Supported by a continued inflow of talent and students, residential rents have remained resilient, reflecting solid end-user demand for housing.

In Hong Kong, the Group achieved contracted sales of about HK$24,800 million in attributable terms during the period. Major contributors included Cullinan Sky Phase 1 in Kai Tak, Victoria Harbour Phase 2B in North Point, The YOHO Hub II in Yuen Long and NOVO LAND Phase 3B in Tuen Mun. The remaining units from various completed properties such as St Michel in Sha Tin and Dynasty Court in Mid-levels Central continued to receive positive market response.

Guided by its Building Homes with Heart philosophy, the Group continued to demonstrate its commitment to deliver premium quality and customer-centric developments while upholding its reputation as a trusted brand. Through its property management operations and SHKP Club, the Group maintains effective two-way communication with customers, enabling it to closely monitor market trends and understand customer expectations so as to better serve their evolving needs. Attaching great importance to blending nature and wellness elements into its projects, the Group successfully integrates green and smart technologies into the daily lives of residents to elevate its customer services and enhance convenience for residents.

Scheduled for completion in phases over a number of years, the Group's upcoming Sai Sha project demonstrates its commitment to creating vibrant communities through meticulous long-term planning, which encompasses the strengthening of transport connectivity and the incorporation of innovative, family- and pet-friendly development concepts. Surrounded by scenic mountains and the sea, the residential portion of the development is complemented by the GO PARK Sai Sha, a 1.3 million-square-foot sports-and-commercial complex. Featuring comprehensive facilities that incorporate smart technologies, the project is expected to cater to the different lifestyles of residents of all ages.

Two projects in Hong Kong with an attributable gross floor area of about 852,000 square feet were ready for handover during the period, an overwhelming majority of which were residential properties for sale. Project details are shown in the table below.

Project	Location	Usage	Group's Interest (%)	Attributable Gross Floor Area (square feet)
YOHO WEST Phase 1	1 Tin Yan Road, Tin Shui Wai	Residential / Shops	JV	748,000
Grand Jeté Phase 2	170 Castle Peak Road, Tai Lam, Tuen Mun	Residential	59.1	104,000
Total				**852,000**

An approximate 1.8 million square feet of attributable gross floor area are scheduled for completion in the second half of this financial year, including about 1.3 million square feet of residential premises for sale. The remaining 0.5 million square feet are retail space to be retained for rental and long-term investment.

As at 31 December 2024, the Group's contracted sales yet to be recognized in Hong Kong amounted to HK$30,400 million, of which about HK$20,200 million is expected to be recognized in the second half of this financial year. Most of the related sales proceeds will be received when the respective units are delivered.

Property Investment

During the period under review, the Group's property investment portfolio in Hong Kong continued to provide a sizable and stable recurring income to the Group. Gross rental income, including contributions from joint ventures and associates, registered a modest decrease of 1% year-on-year to HK$8,813 million while overall occupancy of the portfolio remained satisfactory.

The uncertain economic outlook and the strength of the Hong Kong dollar have affected consumer sentiments. These factors, along with changing consumption habits, have posed challenges to the local retail market. Nevertheless, driven by various mega events and favourable policies, including the resumption and expansion of the multiple-entry Individual Visit Scheme for Shenzhen residents, the foot traffic at malls has shown signs of improvement over the past few months. During the period, the rental performance of the Group's retail portfolio was resilient with overall occupancy remaining at around 93%.

Bolstering the competitive edge of the Group's malls remained a key strategy to stay at the forefront of the changing operating environment. Riding on its well-established retail network and reputation, the Group has stepped up its efforts to attract mainland and overseas brands to open their debut stores in its malls across populous districts. In addition, the Group's seasoned leasing teams regularly refined the malls' tenant mix and store layouts, enriching their offerings and diversity to meet evolving consumer preferences. Creative and interactive marketing initiatives, ranging from busking to pyrotechnics, have been rolled out periodically in collaboration with tenants to drive footfall and sales.

Adapting to the latest market trends, the Group continued to upgrade and reconfigure its properties and enhance service quality. Apart from pet- and family-friendly areas, the malls have introduced additional leisure space and recreational facilities to enrich the experiences of visitors. At New Town Plaza in Sha Tin, Chill Park, a brand new outdoor space with garden trails, was opened in September 2024. A revamp of the mall's outdoor space on the seventh floor is scheduled for completion in mid-2025, offering additional green and interactive elements.

While promotion campaigns targeting tourists have been rolled out at various malls, the Group leveraged The Point, the integrated loyalty programme for SHKP malls, to enhance shoppers' experiences for attracting tourists and retaining local customers. Spending by loyal members remained resilient in the evolving retail sector, while the successful launch of Instant Point Earn has driven members' spending and boosted sales. During the period, The Point mobile app was upgraded with a new interface for easy access to tenant promotions and latest information based on members' spending and preferences. A VIP programme has recently been launched to reward premium members with a range of exclusive privileges, including EV charging booking, extra parking hours and bonus points, and a soon-to-be-launched VIP lounge. In addition, The Point continued to leverage the Group's hotels and other business arms to enrich its member privileges and customer experience.

The office leasing market in Hong Kong remained under pressure in light of a sluggish economic outlook and weak demand. While new supply in core business districts continued to weigh on office rents, the current demand-supply imbalance is expected to improve over the medium term. Nevertheless, the Group's office portfolio maintained an average occupancy of about 90% during the period.

Known for its high green-building standards and professional property management, the Group's premium office portfolio remained competitive under the trend of flight-to-quality. The Group's grade-A offices in prime locations, such as IFC in Central and ICC in West Kowloon continued to be ideal upgrading options for financial institutions and government-related bodies. In spite of ample new supply in the district, the Millennium City office cluster in Kowloon East maintained relatively stable occupancy. To bolster the key strength of its office portfolio, the Group will continue to elevate the building quality and green-building standards through upgrades.

Tapping the growing accommodation demand from young professionals and incoming talent, TOWNPLACE WEST KOWLOON, which offers both short- and long-stay leasing options, registered encouraging occupancy. Riding on the same trend, Vega Suites in Tseung Kwan O is upgrading part of its serviced suites in phases with target completion in early 2026. The Group will further review its existing property rental portfolio and enhance its value and rental contribution via asset enhancements and the incorporation of new-to-market concepts.

Looking ahead, the Group's recurrent income base will be further strengthened as more investment properties come on stream in the next two to three years. The first phase of the 500,000-square-foot shopping mall beneath The Millennity in Kwun Tong will open in the second quarter of 2025. Pre-leasing is progressing well. A selection of speciality restaurants and shops, including those with experiential elements, will be available in the mall upon its full opening. The new mall is expected to synergize with the Group's APM mall and the Millennium City office cluster in the vicinity. In addition, Cullinan Sky Mall, the 220,000-square-foot retail podium connected to MTR Kai Tak Station, is scheduled to open in phases beginning in the second half of 2025.

Another key project under development, the High Speed Rail West Kowloon Terminus Development, comprises grade-A offices and premium retail space atop the city's only high-speed rail station and with easy access to the Airport Express and MTR lines. The Group is dedicated to differentiating itself in the market through the incorporation of new and sustainable designs in its landmark projects. Putting this idea into practice, the Group incorporated plenty of greenery and human-centric designs that promote wellness and a comfortable working and leisure environment in the project, which was named the World's Best Real Estate Development in *Euromoney*'s Real Estate Awards 2024 in recognition of its excellence. Leveraging its unrivalled transport connectivity and top-notch sustainable building features, the project's office portion International Gateway Centre (IGC) has attracted multinational financial institutions as its key tenants. Construction is progressing on schedule, with target handover starting in early 2026. The 603,000-square-foot shopping mall beneath IGC will introduce high-end retail and dining options.

In the vicinity of IGC, the Artist Square Towers Project in the West Kowloon Cultural District will provide premium office space that serves diverse industries, including cultural and creative organizations. The superstructure work of the project has begun. These two West Kowloon projects under construction are expected to complement the Group's well-established ICC upon their completion, forming a unique and green commercial hub in the Greater Bay Area.

Property Business – Mainland

Land Bank

As at 31 December 2024, the Group's total attributable land bank on the mainland stood at about 66.4 million square feet, of which about 21.2 million square feet were completed properties mostly held for rental and long-term investment purposes. A vast majority of these are premium integrated projects located in core business hubs in first-tier and leading second-tier cities, particularly favoured by a discerning clientele.

In addition, the Group held about 45.2 million square feet of properties under development on the mainland, of which over 50% will be developed into quality residential units and office space for sale. The Group will focus on developing its existing projects on the mainland while dedicating itself to enhancing quality and services to captivate the hearts of customers in a challenging market.

Property Development

Since late September 2024, the Central Government has unveiled an array of proactive initiatives for bolstering demand from end users and upgraders while stabilizing buyer confidence in the real estate sector. Amid a benign mortgage environment, these policies including the easing of purchase restrictions and tax cuts on transactions of large homes have sparked a recovery in home sales, particularly in first-tier cities.

The Group achieved attributable contracted sales of over RMB660 million on the mainland during the period, of which key contributors included the quality residential units at Forest Park of Guangzhou South Station ICC, Park Royale in Guangzhou and a joint-venture project Oriental Bund in Foshan. In January 2025, the Group launched the first batch of the second phase of Lake Genève in Suzhou with encouraging sales response.

During the period, the Group completed a total attributable gross floor area of about 540,000 square feet on the mainland. Project details are shown in the table below.

Project	**Location**	**Usage**	**Group's Interest** (%)	**Attributable Gross Floor Area** (square feet)
Park Royale Phase 3A	Huadu, Guangzhou	Residential	100	477,000
Oriental Bund Phase 6B(i)	Chancheng, Foshan	Residential	50	63,000
Total				**540,000**

In the second half of the current financial year, the Group plans to complete a total gross floor area of about 1.7 million square feet in attributable terms on the mainland, including the premium riverside residences at Phase 3 of Shanghai Arch that boast stunning views of the Bund in Shanghai.

As at 31 December 2024, the Group's contracted sales yet to be recognized on the mainland reached RMB12,500 million, of which about RMB7,800 million is expected to be recognized in the second half of this financial year.

Property Investment

During the period under review, the Group's gross rental income from its rental portfolio on the mainland, including contributions from joint ventures and associates, decreased by 2% year-on-year to RMB2,847 million. The mild decrease was mainly due to a decline in turnover rent of its retail portfolio.

With stimulating domestic consumption being considered a top priority for further boosting the economy, various stimulus measures such as trade-in programmes and consumption vouchers have been introduced on the mainland. Market sentiment in the retail sector gradually improved in recent months, although domestic demand had been affected by growing outbound travel and economic headwinds in the third quarter of 2024. Shanghai IFC Mall, the Group's flagship mall in Pudong, Shanghai, maintained its market leadership through its unique positioning as a sophisticated multi-purpose destination. The mall's strategic blend of internationally acclaimed brands and expansion of all-day dining continued to attract professionals and the young generation. Leveraging its comprehensive tenant mix and attractive loyalty programme, the mall will demonstrate its resilience despite keen competition.

To maintain its unique edge in the changing retail landscape, the Group adopted a proactive and multifaceted approach to increase the attractiveness of its malls. Replicating the success of Shanghai IFC Mall, Nanjing IFC Mall held its grand opening in July 2024, with a remarkable 30% of shops being debut stores in Nanjing. The mall continued to enrich shopper experience, strengthening its distinctive positioning as the top shopping destination in Hexi CBD, Nanjing and achieving high occupancy. As is the case with many of the Group's malls on the mainland, these two IFC malls constitute a part of integrated developments in prime locations, offering comprehensive shopping, dining and entertainment to office workers, residents and tourists.

To sharpen their edge as leading hubs for trendy brands, IAPM in Shanghai and Beijing APM continued to enhance their well-curated mix of premium brands and dining options. Pop-up stores featuring exclusive products were also introduced to meet demand for retailtainment and maintain novelty for customers. Utilizing the green outdoor space at various mall levels, Parc Central in Guangzhou organized a wide range of promotional events and experiential activities throughout the year to entice tourists and locals. Recognizing a growing interest in unique and interactive experiences, the Group's different malls introduced additional privileges such as cycling tours in Shanghai and day tours to Hong Kong to reward loyal customers and enhance customer engagement.

The fierce competition and uncertain external environment continued to dampen the office leasing market in first-tier cities. The Group's rental income from its office portfolio was unavoidably affected by reduced market rents during the period. Nonetheless, the Group has made great efforts to enhance its portfolio's attractiveness through ongoing asset enhancement, professional property management, maintaining close relationships with tenants and offering them tailored arrangements. These efforts, in addition to the portfolio's strengths such as premium building quality, high green building standards, convenient locations with great accessibility to public transportation and complementary amenities within the same complexes, helped solidify the Group's market position. During the period, occupancies of grade-A offices at the Group's Shanghai IFC, Shanghai ICC and the first two phases of ITC in Shanghai remained satisfactory while Tower A of Three ITC achieved a committed occupancy of over 70%.

In 2025, the expected full completion of the final phase of ITC in Shanghai will mark another milestone of the Group's property investment business on the mainland. Comprising a total gross floor area of over five million square feet, the remaining portion of Three ITC includes a flagship mall ITC Maison, an office skyscraper and a hotel Andaz Shanghai ITC. Set to obtain the highest rating for both LEED and WELL certifications, this mega project is poised to become a prime example of innovation and sustainable urban development in the city centre. The 370-metre-tall Tower B office skyscraper will be the tallest building in Puxi upon completion. ITC Maison, scheduled to open in phases starting in mid-2025, will not only house an extensive variety of shops including high-end retailers and renowned restaurants but also bring in innovative retail formats and creative concepts. Designed with civic plazas, multiple pedestrian bridges and an overhead glass canopy, the mall will be seamlessly connected with the different phases of ITC and its surrounding community in Xujiahui, creating a vibrant community that integrates modern shopping, dining, entertainment and social experiences.

Hangzhou IFC is an exciting integrated development under construction in Hangzhou's Qianjiang New City CBD. Comprising two adjacent riverside sites, the project has incorporated smart and green solutions that showcase the Group's commitment to innovation and sustainability. At the River West site, the superstructure of an office tower is nearing completion, with marketing already commenced. Boasting modern architectural designs and breathtaking river views, the tower is destined to be a desirable work location for businesses.

Other Businesses

Hotels

The performance of the Hong Kong hotel industry, which had been affected by fierce competition for tourists from other travel destinations, gradually picked up in the fourth quarter of 2024 amid an increase in mega events, exhibitions and business summits. While the occupancy of the Group's hotels in Hong Kong remained at a high level throughout the period, the operating profit of the hotel business registered a decline due to increased operating costs and additional costs incurred from new hotels that commenced operations on the mainland.

The Group's hotel management has made considerable efforts to broaden its revenue base and seize new business opportunities. For example, Royal Garden strengthened its off-site catering services with menus custom-made for clients' events. The hotel also boosted its banquet and wedding business through the use of its spectacular Sky Garden. The Go Royal by SHKP loyalty programme continued to serve its members with different privileges and offerings through its collaboration with The Point. During the period, both the number of Go Royal members and their spending registered growth.

The Ritz-Carlton Shanghai, Pudong delivered encouraging performance, partly driven by the expanded visa-free policy for foreigners. The business of Andaz Nanjing Hexi at Nanjing IFC and Four Seasons Hotel Suzhou ramped up steadily, with the latter gradually establishing itself as the leader of the high-end hotel market in Suzhou. Andaz Shanghai ITC in Xujiahui, Shanghai, a premium hotel with over 250 hotel rooms that constitutes a part of the integrated project Three ITC, is expected to open by the end of 2025.

Telecommunications and Information Technology

SmarTone

During the period under review, SmarTone demonstrated resilience despite a persistently competitive operating environment and has grown in profitability and customer base. One of the key growth engines, the 5G Home Broadband, has continued to perform well.

During the period, SmarTone completed the exit of its Macau operation and has refocused the company's resources to further strengthen its business in Hong Kong and invest for the long-term. In the recent spectrum auction, SmarTone re-acquired the key 850MHz spectrum and acquired the 6/7GHz spectrum, continuing its commitment to deliver superior network quality. On a per-user basis, SmarTone has the most spectrum vis-à-vis other operators in Hong Kong

SmarTone is firmly committed to providing a world-class network for business customers and consumers, and has become a trusted partner for mega events in Hong Kong. In October 2024, the company served as the official technology partner of The World Games Series 2024 Hong Kong held in GO PARK Sai Sha, facilitating the event's communication and global live broadcast with its 5G Advanced network. The company is acutely aware of the potential cyber threats to its networks and customers, and has invested substantial resources to ensure its network safety. In December 2024, the company received the Platinum Award in the inaugural Cyber Security Staff Awareness Recognition Scheme.

The Group is excited about SmarTone's prospects and will continue to hold the company as a long-term investment for Hong Kong's critical digital infrastructure.

SUNeVision

SUNeVision continued to show healthy growth during the period under review. Hyperscale cloud players are increasing their deployment in Hong Kong to support their mission-critical applications, while financial institutions are also investing to upgrade their use of data centre facilities to cope with digitization in business. The recent emergence of DeepSeek signifies a new phase of artificial intelligence (AI) development. The cost of using large language models has come down drastically, which will encourage the development of more AI applications and in turn more enterprise adoption. Boasting data centres well-suited for housing AI applications due to their locations and superior infrastructure, SUNeVision is poised to benefit from the development of related AI technologies. This trend will likely further accelerate over the next two to three years.

Phase 1 of MEGA IDC, a state-of-the-art data centre in Tseung Kwan O, has opened in the first half of 2024. Developed on a greenfield site, the data centre has been equipped with first-grade infrastructure and abundant power supply that can cater to the latest customer demand. The first batch of customers has moved in while pipeline orders are building up as planned.

Given the high interest rate environment and volatile economic situation, SUNeVision continues to exercise the highest level of cost discipline towards all capital and operating expenditure in order to achieve the best return on capital deployed for shareholders.

Following SUNeVision's win of the judicial review case against the Hong Kong Science and Technology Parks Corporation (HKSTP) in 2022, HKSTP, as a statutory body, has yet to publicly disclose how it addressed illegal subletting by data centre operators comprehensively and effectively. SUNeVision demands that HKSTP act immediately and transparently in publicly disclosing its respective actions as they are essential for the long-term advancement of Hong Kong's innovation sector.

<u>Infrastructure and Other Businesses</u>

During the period under review, the performance of the Group's infrastructure and transport businesses in Hong Kong remained resilient. The parking and tunnel management businesses of Wilson Group have delivered stable results. Route 3 (CPS) maintained steady profit but its traffic was still well below pre-pandemic levels. The Route 3 franchise will expire in May 2025. Hong Kong Business Aviation Centre, the franchise of which has been extended to 2043, is undertaking a major revamp of the terminal and targets to soft launch in the second half of 2025. The Group is confident that the revamped facility will be considered as one of the best private jet airports in the world. The Airport Freight Forwarding Centre (AFFC) has also confirmed an extension of rights and lease until 2043. This facility too will undergo a holistic upgrade in 2025 to substantially improve its infrastructure and productivity. Despite industry-wide challenges for the container-handling business in Hong Kong, the River Trade Terminal maintained its profitability with stringent cost control.

YATA responds to the latest changes in the retail market with agility and offerings tailored to customer preferences. The company has reassigned space that had become less popular with customers, such as department store, to offerings and products that excite customers, such as fresh produce, wine and wellness. The flagship store in Sha Tin is currently undergoing a major revamp to offer a new experience to customers. The store will bring in new vendors of unique and intriguing products from Japan, as well as new eateries from Japan and other parts of Asia. The ultimate goal is for customers to discover high-quality products and eateries at YATA, enhancing their shopping experience.

Corporate Finance

The Group's unwavering commitment to prudent financial management is essential for navigating potential economic headwinds. The implementation of robust cash flow management practices and the maintenance of stable recurring income have positioned the Group to effectively enhance its resilience against uncertainties. As of 31 December 2024, the Group's gearing ratio lowered to 17.8% while its interest coverage was maintained at a high level of 5.0 times. With ample unsecured banking facilities on standby and abundant liquidity, the Group was affirmed an A+ rating (negative outlook) by S&P and A1 rating (negative outlook) by Moody's, the highest among Hong Kong real estate companies.

The Group remains committed to increasing the use of Renminbi-denominated debts to better align its assets and liabilities denominated in Renminbi. In July 2024, the Group issued CNH700million 3-year bonds. In an effort to diversify its funding sources, the Group issued the second series of RMB2,000 million commercial mortgage-backed securities (CMBS) in August 2024 and achieved one of the lowest CMBS pricing of the year. The economic stimulus policy package launched on the mainland in the second half of 2024 has helped stabilize the property market and further eased the lending environment. The Group will continue to tap Renminbi-denominated debts at competitive interest rates to support its projects in operation and under construction. This also helps lower the Group's interest expenses.

As always, the Group has not engaged in any derivative transaction for speculative purposes. The Group has limited exposure to foreign exchange risks, with a majority of the Group's debts denominated in Hong Kong dollars. All US dollar-denominated debts have been fully swapped into Hong Kong dollars. The remainder are primarily in Renminbi, which serve as a natural hedge against the Group's assets on the mainland.

CORPORATE GOVERNANCE

By prioritizing high standards of corporate governance, the Group not only protects the interests of its stakeholders but also lays a strong foundation for sustainable growth and success. This commitment enhances the Group's credibility and resilience in a competitive marketplace.

The Board of Directors oversees the Group's business directions, development, and sustainability plans, ensuring alignment with its long-term goals. Comprising 18 members with diverse backgrounds, the Board brings a wealth of professional and business experience. The diversity of the Board not only complements the Group's strategies, governance, and business operations but also enhances its overall effectiveness and adaptability. Having the Audit and Risk Management, Remuneration, and Nomination Committees chaired by INEDs is a key component of the Group's governance framework. This enhances the Group's governance, ensuring effective strategy execution and proactive risk management. The Executive Committee plays a vital role in supporting the Board by formulating business policies, making informed decisions, and exercising delegated authority.

The recognition the Group received from leading financial publications highlights its excellence in management, corporate governance, and social responsibility. The Group won eight awards at the Real Estate Awards 2024 organised by *Euromoney*, including the highest recognition of the Best Real Estate Developer in Global, Asia Pacific, China, and Hong Kong categories. The Group was also named the Best Overall Company in Hong Kong by *FinanceAsia* in 2024.

SUSTAINABLE DEVELOPMENT

The Group's continued commitment to Environmental, Social and Governance (ESG) performance has garnered wide industry recognition. Its notable achievements included being named a constituent of the Dow Jones Sustainability Asia Pacific Index for the second consecutive year, placing the Group among the top 20% of companies in the region for sustainability practices. For the fifth year in a row, the Group ranked among the top three companies in the Hang Seng Corporate Sustainability Index, maintaining the highest AAA rating.

Environment

The Group continues to make significant strides toward its 10-year environmental targets. Using the financial year of 2019/20 as the baseline, the Group has already achieved its goal of reducing greenhouse gas emissions for key commercial buildings by 25%, ahead of the 10-year schedule. Building on this progress, a new target has been set to reduce such emissions by 35% by 2029/30, using the same baseline year.

As a strong advocate of renewable energy, the Group together with other joint-venture partners broke ground on Hong Kong's first privately funded solar farm on a landfill. To be operated by the joint-venture entity Green Valley Landfill Limited (GVL) at the South East New Territories Landfill in Tseung Kwan O, the project will be completed in 2025 with the capacity of generating 1.2 million kWh of green electricity annually. The Group provides construction support for the project and facilitates its subsidiary SUNeVision's acquisition of CLP Power's Renewable Energy Certificates, which are fully linked to the solar power generated by the farm. This collaboration aims to create a closed-loop ESG model that contributes to a greener future.

In response to the rising adoption of electric vehicles, the Group has doubled the number of super-fast EV chargers in its malls to 80 throughout Hong Kong. This expansion enhances convenience for users and encourages the transition from petrol to electric vehicles, benefitting society by reducing the carbon emissions and promoting environmental sustainability.

Social

The Group is dedicated to enhancing community well-being. In alignment with the HKSAR Government's initiatives to foster a mega-event economy, SHKP organized and sponsored a series of events to revitalize the tourism and retail sectors. The highlights included a two-month celebration marking the 40th anniversary of New Town Plaza in Sha Tin featuring Hong Kong's first shopping mall pyrotechnic show and various outdoor events near the Group's malls, including SOHO West and V Walk in West Kowloon as well as Harbour North in North Point.

In January 2025, the Group celebrated the grand opening of GO PARK Sai Sha, a landmark spanning 1.3 million square feet designed for families, pet lovers and sports enthusiasts of all ages and interests. The complex, which showcases both popular and emerging sports, also houses entertainment, dining, and recreational facilities. Since its soft opening in mid-2024, it has partnered with different institutions and hosted various events, including the World Games Series 2024 Hong Kong and The Community Chest New Territories Walk for Millions 2025.

The Group has actively supported the Government's Strive and Rise Programme for two consecutive terms, contributing donations and recruiting over 200 employees to serve as mentors each term. Different activities were organized for the mentees, including a visit to GO PARK Sai Sha where they explored emerging sports and had an opportunity to discover their personal interests and potential. The Group will continue its support for a third term.

Additionally, through its commitment to sports for charity, the Group continued for the seventh time its title and charity sponsorship of the Sun Hung Kai Properties Hong Kong Cyclothon. Donations raised by participants in the 2024 event, along with additional contributions from the Group, will support two charitable organizations through The Community Chest of Hong Kong, specifically for cancer-prevention services and assistance to cancer patients. The Group also sponsored the Sun Hung Kai Properties Hong Kong 10K Championships and The Community Chest Corporate Challenge to encourage public participation in running for good causes.

To promote reading and STEM education among the youth, the Group is sponsoring student visits to Hong Kong's first Base for Aerospace Science Education operated by a non-governmental organization. Furthermore, it sponsored a study tour to Shenzhen for students, with the aim of strengthening ties between the neighbouring cities.

Phase 2 of Ma Wan Park, seamlessly integrating nature, cultural heritage, and art, is being launched in stages. This new phase, featuring a campsite and an urban farm, will soon introduce art studios that offer hands-on experiences. Together with catering outlets and Instagrammable spots, these offerings will make the park an attractive destination for both locals and tourists.

To help address short-term public housing needs, the Group's Yau Pok Road site in Yuen Long, which has been lent to the Government for building 2,100 Light Public Housing units, is set to receive the first in-take of residents in the first quarter of 2025.

PROSPECTS

The global economic environment in 2025 will likely face increasing uncertainties due to intensified geopolitical tensions and unpredictable international trade policies. The lowered expectations for US rate cuts have dampened business sentiment and curbed the growth of economic activity. Nevertheless, most central banks in major economies have kick-started a rate-cutting cycle, which will be conducive to their economic recoveries.

The mainland economy is affected by a deteriorating external environment and a challenging internal market. While promoting high-standard opening up to attract foreign investments, the Central Government has stepped up its efforts to expand domestic demand and stabilize the real estate market through a series of stimulus measures and policies. Further and stronger stimulus policies could help restore consumer confidence and boost domestic consumption, favouring the recovery of the property market.

As a multitude of variables continue to affect the global environment, Hong Kong's economic growth is expected to be relatively slow. In the face of challenges, the city has initiated changes to consolidate its traditional strengths and explore new growth areas for economic transformation. In a bid to build Hong Kong into an international hub for high-calibre talent and a thriving megacity, population policies including the New Capital Investment Entrant Scheme have been launched to proactively attract talent and capital. The reduced mortgage interest rates and solid leasing demand will help sustain the housing market.

Over the past half-century, the Group's longstanding strengths, including a strong commitment to quality and excellence, customer-centric philosophy, trusted relationships with stakeholders and flexibility in moving with the times, have helped the Group establish an excellent reputation in the market. With its solid financial position, sizeable rental income base, strong leadership and execution teams, and time-tested strategies, the Group has laid a robust foundation that enables it to navigate effectively through the evolving changes in the property market and the global economy, consolidating its market leadership.

To maintain the Group's competitive edge in a fast-evolving landscape, the Group will adhere to sound and prudent financial management practices, which include maintaining a low gearing ratio and sizeable recurring income from its rental portfolio and non-property businesses, as well as achieving high asset turnover for its property development business. Without compromising quality, the Group will abide by strict cost discipline and focus on lowering its overall construction capex in the coming few financial years.

The Group will harness the strength of its diversified property investment portfolio to maintain a stable and substantial stream of recurrent income. To enhance the competitiveness of its rental portfolio, the Group has adopted a proactive leasing approach, which includes asset enhancement initiatives and maintaining close relationships with tenants and customers to meet ever-changing consumer preferences. In alignment with the national strategy of developing new productive forces, innovative concepts and technologies are utilized to fulfil high green building standards and improve efficiency, placing the Group's properties in a leading market position as the flight-to-quality trend continues.

In the next two to three years, the completion of several new investment properties in Hong Kong will create new sources of recurrent income for the Group. The shopping mall beneath the Millennity in Kwun Tong is scheduled to open in phases from the second quarter of 2025, while Cullinan Sky Mall next to MTR Kai Tak Station is slated to open from the second half of 2025. The IGC office towers atop the High Speed Rail West Kowloon Terminus will be ready for handover starting in 2026. On the mainland, the remaining portion of Three ITC in Shanghai, encompassing an office skyscraper Tower B, a flagship mall ITC Maison and the Andaz Shanghai ITC hotel, will be completed in stages from the second half of 2025.

For property development, the Group will leverage its strengths in developing a sustainable community which incorporates nature, green and wellness elements. The Sai Sha project exemplifies the Group's dedication to seamlessly integrating residential, sports, wellness, retail, and family- and pet-friendly components to cultivate a modern community that caters to diverse lifestyles and preferences. The Group will continue with the timely sale of new projects, unsold residential units from completed projects and selected non-core properties. In Hong Kong, the Group plans to launch YOHO WEST PARKSIDE in Tin Shui Wai very soon. Over the next 10 months, major residential projects scheduled to be put on the market will include the second phases of Cullinan Harbour and Cullinan Sky in Kai Tak, the first phase of the Sai Sha development, namely SIERRA SEA, NOVO LAND Phase 3A in Tuen Mun and the first phase of the residential project next to MTR Kwu Tung Station under construction. On the mainland, the Group plans to launch new batches of joint-venture developments, such as Lake Genève in Suzhou, Hangzhou IFC, and Oriental Bund in Foshan.

With unwavering support from the Central Government, Hong Kong will further leverage the unique advantages of 'One Country Two Systems' and embrace changes and challenges during its continuing economic transformation. Supported by solid fundamentals including a low tax regime, sound common law system, free flow of capital, well-functioning exchange-rate system and high adaptability, Hong Kong will endeavour to attract international high-calibre talent whilst reinforcing its status as an international financial, trade and transportation centre. With full confidence in the long-term prospects of the mainland and Hong Kong, the Group, upholding its belief in Building Homes with Heart, will continue to support the city's advancement by creating iconic landmarks and sustainable communities that prioritize the quality of life for all residents.

DIRECTORS AND APPRECIATION

Mr. Albert Lau Tak-yeung retired as an Executive Director of the Company by rotation at the annual general meeting of the Company held in November 2024. I thank him for his valuable contributions to the Group during his tenure of service.

I would like to take this opportunity to convey my appreciation to our staff, whose experience, hard work and dedication have been instrumental in the Group's continued success during challenging times. I would also like to express my gratitude to my fellow directors for their wise counsel, and to our shareholders and customers for their continued support.

Kwok Ping-luen, Raymond
Chairman & Managing Director
Hong Kong, 27 February 2025

ANNOUNCEMENT

The Board of Directors of Sun Hung Kai Properties Limited announces the following unaudited consolidated figures of the Group for the six months ended 31 December 2024 with comparative figures for 2023:

Consolidated Income Statement
For the six months ended 31 December 2024
(Expressed in millions of Hong Kong dollars)

	Notes	(Unaudited) Six months ended 31 December 2024	2023
Revenue	**2**	**39,933**	27,542
Direct costs		**(24,414)**	(13,724)
Other net income	**3**	**704**	390
Selling and marketing expenses		**(2,520)**	(1,661)
Administrative expenses		**(1,605)**	(1,594)
Operating profit	**2**	**12,098**	10,953
Change in fair value of investment properties		**(2,875)**	13
Finance costs		**(1,660)**	(1,963)
Finance income		**213**	203
Net finance costs	**4**	**(1,447)**	(1,760)
Share of results of:			
Associates		**65**	162
Joint ventures		**1,807**	1,590
	2	**1,872**	1,752
Profit before taxation	**5**	**9,648**	10,958
Taxation	**6**	**(1,807)**	(1,485)
Profit for the period		**7,841**	9,473
Profit for the period attributable to:			
Company's shareholders		**7,523**	9,145
Non-controlling interests		**318**	328
		7,841	9,473
(Expressed in Hong Kong dollars)			
Earnings per share based on profit attributable to the Company's shareholders (reported earnings per share)	**7(a)**		
Basic and diluted		**$2.60**	$3.16
Earnings per share excluding the effect of change in fair value of investment properties net of deferred tax (underlying earnings per share)	**7(b)**		
Basic and diluted		**$3.61**	$3.07

Consolidated Statement of Comprehensive Income
For the six months ended 31 December 2024
(Expressed in millions of Hong Kong dollars)

	(Unaudited) Six months ended 31 December	
	2024	2023
Profit for the period	**7,841**	9,473
Items that may be reclassified subsequently to profit or loss:		
Exchange difference on translation of mainland subsidiaries	**(864)**	1,701
Cash flow hedge		
- fair value losses recognized directly through other comprehensive income	**(33)**	(320)
- fair value gains transferred to consolidated income statement	**(16)**	(28)
	(49)	(348)
Fair value gains of debt securities at fair value through other comprehensive income	**1**	2
Share of other comprehensive (losses)/income of associates and joint ventures	**(193)**	618
Items that will not be reclassified to profit or loss:		
Fair value losses of equity securities at fair value through other comprehensive income	**(39)**	(91)
Share of other comprehensive income of an associate	**52**	17
Other comprehensive (losses)/income for the period	**(1,092)**	1,899
Total comprehensive income for the period	**6,749**	11,372
Total comprehensive income for the period attributable to:		
Company's shareholders	**6,440**	11,002
Non-controlling interests	**309**	370
	6,749	11,372

Consolidated Statement of Financial Position
As at 31 December 2024
(Expressed in millions of Hong Kong dollars)

	Notes	**(Unaudited) 31 December 2024**	(Audited) 30 June 2024
Non-current assets			
Investment properties	**9**	**410,527**	408,424
Property, plant and equipment		**50,249**	50,190
Associates		**8,055**	7,954
Joint ventures		**94,113**	93,101
Financial investments		**1,355**	1,681
Intangible assets		**3,971**	4,338
Other non-current assets		**3,475**	3,743
		571,745	569,431
Current assets			
Properties for sale		**202,188**	214,077
Inventories		**642**	502
Trade and other receivables	**10**	**21,378**	17,115
Financial investments		**730**	748
Bank deposits and cash		**14,430**	16,221
		239,368	248,663
Current liabilities			
Bank and other borrowings		**(12,827)**	(10,498)
Trade and other payables	**11**	**(32,586)**	(32,412)
Deposits received on sales of properties		**(12,588)**	(11,226)
Current tax payable		**(6,253)**	(7,876)
		(64,254)	(62,012)
Net current assets		**175,114**	186,651
Total assets less current liabilities		**746,859**	756,082
Non-current liabilities			
Bank and other borrowings		**(109,431)**	(116,589)
Deferred tax liabilities		**(23,621)**	(23,905)
Other non-current liabilities		**(4,363)**	(4,517)
		(137,415)	(145,011)
NET ASSETS		**609,444**	611,071
CAPITAL AND RESERVES			
Share capital		**70,703**	70,703
Reserves		**534,343**	536,014
Shareholders' equity		**605,046**	606,717
Non-controlling interests		**4,398**	4,354
TOTAL EQUITY		**609,444**	611,071

1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34, Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”).

The financial information relating to the year ended 30 June 2024 included in these condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those consolidated financial statements. The Company has delivered the consolidated financial statements for the year ended 30 June 2024 to the Registrar of Companies and the Company's auditor has reported on those consolidated financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

The accounting policies applied in the preparation of these interim financial statements are consistent with those applied in the consolidated financial statements for the year ended 30 June 2024. The Group has adopted a number of amendments to Hong Kong Financial Reporting Standards that are effective for the first time for this interim period. None of these amendments had a material impact on the Group's financial statements.

The Group has not applied any new standard or amendment that is not effective for the current accounting period.

(Expressed in millions of Hong Kong dollars)

2. Segment Information

Segment revenue and results are measured without allocation of central administration costs, other net income, net finance costs and change in fair value of investment properties, which are reported to the Group's management for the purposes of resource allocation and assessment of segment performance.

(a) Segment revenue and results

An analysis of the revenue and results for the period of the Group and its share of associates and joint ventures by reportable and operating segments is as follows:

For the six months ended 31 December 2024

	The Company and its subsidiaries		Associates and joint ventures			
	Revenue	**Results**	**Share of revenue**	**Share of results**	**Combined revenue**	**Consolidated results**
Property development						
Hong Kong	**16,031**	**2,325**	**-**	**-**	**16,031**	**2,325**
Mainland	**330**	**86**	**287**	**95**	**617**	**181**
	16,361	**2,411**	**287**	**95**	**16,648**	**2,506**
Property rental						
Hong Kong	**7,485**	**5,319**	**1,328**	**1,020**	**8,813**	**6,339**
Mainland	**2,508**	**1,970**	**581**	**407**	**3,089**	**2,377**
Singapore	**-**	**-**	**378**	**288**	**378**	**288**
	9,993	**7,289**	**2,287**	**1,715**	**12,280**	**9,004**
Hotel operations	**2,278**	**313**	**420**	**64**	**2,698**	**377**
Telecommunications	**3,492**	**420**	**-**	**-**	**3,492**	**420**
Transport infrastructure and logistics	**2,280**	**615**	**2,070**	**251**	**4,350**	**866**
Data centre operations	**1,470**	**745**	**-**	**-**	**1,470**	**745**
Other businesses	**4,059**	**544**	**55**	**4**	**4,114**	**548**
Segment total	**39,933**	**12,337**	**5,119**	**2,129**	**45,052**	**14,466**
Other net income/(loss)		**704**		**(141)**		**563**
Unallocated administrative expenses		**(943)**		**-**		**(943)**
Operating profit		**12,098**		**1,988**		**14,086**
Change in fair value of investment properties						
Hong Kong		**(2,538)**		**(205)**		**(2,743)**
Mainland		**(337)**		**64**		**(273)**
Singapore		**-**		**774**		**774**
		(2,875)		**633**		**(2,242)**
Net finance costs		**(1,447)**		**(376)**		**(1,823)**
Profit before taxation		**7,776**		**2,245**		**10,021**
Taxation						
- Group		**(1,807)**		**-**		**(1,807)**
- Associates		**-**		**(25)**		**(25)**
- Joint ventures		**-**		**(348)**		**(348)**
Profit for the period		**5,969**		**1,872**		**7,841**

(Expressed in millions of Hong Kong dollars)

For the six months ended 31 December 2023

	The Company and its subsidiaries		Associates and joint ventures			
	Revenue	Results	Share of revenue	Share of results	Combined revenue	Consolidated results
Property development						
Hong Kong	3,612	1,235	-	-	3,612	1,235
Mainland	256	81	1,338	724	1,594	805
	3,868	1,316	1,338	724	5,206	2,040
Property rental						
Hong Kong	7,552	5,499	1,389	1,075	8,941	6,574
Mainland	2,569	2,076	570	397	3,139	2,473
Singapore	-	-	374	279	374	279
	10,121	7,575	2,333	1,751	12,454	9,326
Hotel operations	2,317	359	440	71	2,757	430
Telecommunications	3,390	361	-	-	3,390	361
Transport infrastructure and logistics	2,318	672	2,024	275	4,342	947
Data centre operations	1,290	616	-	-	1,290	616
Other businesses	4,238	599	253	29	4,491	628
Segment total	27,542	11,498	6,388	2,850	33,930	14,348
Other net income/(loss)		390		(83)		307
Unallocated administrative expenses		(935)		-		(935)
Operating profit		10,953		2,767		13,720
Change in fair value of investment properties						
Hong Kong		526		32		558
Mainland		(513)		(198)		(711)
Singapore		-		262		262
		13		96		109
Net finance costs		(1,760)		(381)		(2,141)
Profit before taxation		9,206		2,482		11,688
Taxation						
- Group		(1,485)		-		(1,485)
- Associates		-		(22)		(22)
- Joint ventures		-		(708)		(708)
Profit for the period		7,721		1,752		9,473

Results from property development include selling and marketing expenses of HK$341 million (2023: HK$290 million) and HK$106 million (2023: HK$83 million) relating to the pre-sale of property projects under construction in Hong Kong and mainland, respectively.

Other businesses comprise revenue and profit derived from other activities including property management, department store operations and financial services.

(Expressed in millions of Hong Kong dollars)

(b) Geographical information

An analysis of the Group's revenue by geographical area of principal markets is as follows:

	Six months ended 31 December	
	2024	2023
Hong Kong	**36,627**	24,369
Mainland	**3,245**	3,141
Others	**61**	32
	39,933	27,542

3. Other Net Income

	Six months ended 31 December	
	2024	2023
Gain on land resumption[a]	**1,122**	-
Profit on sale of investment properties[b]	**249**	245
Provision for properties under development for sale[c]	**(1,084)**	-
Others	**417**	145
	704	390

(a) During the period, the Group recorded a HK$1,122 million gain from land resumption by the Government, resulting mainly from the resumption of certain land lots held by the Group in Hung Shui Kiu/Ha Tsuen New Development Area.

(b) Profit on sale of investment properties was mostly derived from the disposal of 25 units in Tower 2 and 3 of Dynasty Court. Underlying profit including the fair value gains realized amounted to HK$1,152 million.

(c) The HK$1,084 million impairment provision was primarily attributed to the Cullinan Sky residential project, calculated based on estimated sales proceeds, minus the costs required to complete and sell the project, excluding previously expensed selling and marketing costs.

4. Net Finance Costs

	Six months ended 31 December	
	2024	2023
Interest and other finance costs on bank and other borrowings	**2,578**	2,996
Notional non-cash interest accretion	**31**	34
Finance costs on lease liabilities	**44**	42
Less: Amount capitalized	**(993)**	(1,109)
	1,660	1,963
Interest income on bank deposits	**(213)**	(203)
	1,447	1,760

(Expressed in millions of Hong Kong dollars)

5. Profit before Taxation

	Six months ended 31 December	
	2024	2023
Profit before taxation is arrived at		
after charging:		
Cost of properties sold	**12,428**	1,846
Cost of other inventories sold	**1,691**	1,598
Depreciation of property, plant and equipment	**1,528**	1,529
Amortization of		
Intangible assets (included in direct costs)	**368**	368
Contract acquisition costs	**732**	187
Impairment loss on goodwill	**-**	4
Credit loss allowance on financial assets and contract assets	**88**	40
Lease expenses		
Short-term and low-value assets leases	**77**	72
Variable lease payments	**17**	18
Staff costs (including directors' emoluments and retirement schemes contributions)	**5,287**	5,152
Share-based payments	**3**	4
Loss on disposal of financial investments at fair value through profit or loss	**4**	6
Fair value losses on financial investments at fair value through profit or loss	**45**	54
Loss on disposal of property, plant and equipment	**50**	-
and crediting:		
Dividend income from investments	**51**	34
Interest income from investments	**17**	36

(Expressed in millions of Hong Kong dollars)

6. Taxation

	Six months ended 31 December	
	2024	2023
Current tax expenses		
Hong Kong profits tax	**1,210**	897
(Over)/under provision in prior years	**(3)**	4
	1,207	901
Tax outside Hong Kong	**671**	609
Total current tax	**1,878**	1,510
Deferred tax credit		
Change in fair value of investment properties	**(198)**	(280)
Other origination and reversal of temporary differences	**127**	255
Total deferred tax	**(71)**	(25)
Total income tax expenses	**1,807**	1,485

Hong Kong profits tax is provided at the rate of 16.5% (2023: 16.5%) based on the estimated assessable profits for the period. Tax outside Hong Kong, which includes mainland land appreciation tax and withholding tax on income distributions, is calculated at the rates applicable in the relevant jurisdictions.

7. Earnings per Share

(a) Reported earnings per share

The calculations of basic and diluted earnings per share are based on the Group's profit for the period attributable to the Company's shareholders of HK$7,523 million (2023: HK$9,145 million).

The basic earnings per share is based on the weighted average number of shares in issue during the interim period of 2,897,780,274 (2023: 2,897,780,274) shares.

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

(Expressed in millions of Hong Kong dollars)

(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 underlying profit for the period attributable to the Company's shareholders of HK$10,463 million (2023: HK$8,906 million), which excluded the net effect of change in the valuation of investment properties. A reconciliation of profit is as follows:

	Six months ended 31 December	
	2024	2023
Profit attributable to the Company's shareholders as shown in the consolidated income statement	**7,523**	9,145
Decrease/(increase) in fair value of investment properties		
Subsidiaries	**2,875**	(13)
Associates	**64**	(56)
Joint ventures	**(697)**	(40)
	2,242	(109)
Effect of corresponding deferred tax expenses		
Subsidiaries	**(198)**	(280)
Joint ventures	**5**	(37)
Non-controlling interests	**(15)**	(6)
Unrealized fair value losses/(gains) of investment properties net of deferred tax	**2,034**	(432)
Fair value gains of investment properties net of deferred tax realized on disposal	**906**	193
Net effect of change in fair value of investment properties	**2,940**	(239)
Underlying profit attributable to the Company's shareholders	**10,463**	8,906

(Expressed in millions of Hong Kong dollars)

8. Dividends

(a) Interim dividend payable to equity shareholders of the Company declared after the interim period

	Six months ended 31 December	
	2024	2023
Interim dividend declared after the interim period of HK$0.95 (2023: HK$0.95) per share	**2,753**	2,753

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

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

	Six months ended 31 December	
	2024	2023
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK$2.80 (2023: HK$3.70) per share	**8,114**	10,722

9. Investment Properties

(a) Movement during the period

	Completed	**Under development**	**Total**
Valuation			
At 1 July 2024	**349,214**	**59,210**	**408,424**
Additions	**597**	**4,897**	**5,494**
Transfer upon completion	**13**	**(13)**	**-**
Disposals	**(1,154)**	**-**	**(1,154)**
Transfer from properties for sale	**1,859**	**-**	**1,859**
Transfer from property, plant and equipment	**63**	**-**	**63**
Exchange difference	**(870)**	**(414)**	**(1,284)**
Decrease in fair value	**(1,022)**	**(1,853)**	**(2,875)**
At 31 December 2024	**348,700**	**61,827**	**410,527**

(Expressed in millions of Hong Kong dollars)

(b) The Group's investment properties were valued at their fair values at 31 December 2024 and 30 June 2024 by Knight Frank Petty Limited, an independent firm of professional qualified valuers, on a market value basis, in accordance with Valuation Standards on Properties issued by Hong Kong Institute of Surveyors.

The Group's completed investment properties are valued using the income capitalization method by capitalizing the net income from the existing tenancies and reversionary income potential at appropriate capitalization rates for individual properties. The capitalization rate adopted is derived by making reference to the yields achieved from analysis of comparable property investment transactions and valuer’s view of prevailing investor expectations regarding rental growth and perceived risks.

The Group's investment properties under development are valued using the residual method by estimating the value of the property when completed using income capitalization method with reference to comparable sales transactions assuming that the property had been completed in accordance with the current development plan on the valuation date less the costs that will be incurred to complete the development with appropriate allowance for profit and risk.

Set out below is the significant unobservable inputs used for fair value measurements:

	Fair value		**Weighted average capitalization rate**	
	31 December 2024	30 June 2024	**31 December 2024**	30 June 2024
Completed				
Hong Kong	**275,134**	274,585	**5.1%**	5.1%
Mainland	**73,566**	74,629	**6.6%**	6.6%
	348,700	349,214		

	Fair value (residual method)		**Capitalization rate**	
	31 December 2024	30 June 2024	**31 December 2024**	30 June 2024
Under development				
Hong Kong	**27,517**	25,578	**3.5%-5.5%**	3.5%-5.5%
Mainland	**34,310**	33,632	**5.0%-8.8%**	5.0%-8.8%
	61,827	59,210		

10. Trade and Other Receivables

Included in trade and other receivables of the Group are trade receivables of HK$3,959 million (30 June 2024: HK$3,645 million), of which 64% are aged less than 30 days, 14% between 31 to 60 days, 8% between 61 to 90 days and 14% more than 90 days (30 June 2024: 63%, 11%, 7% and 19% respectively).

11. Trade and Other Payables

Included in trade and other payables of the Group are trade payables of HK$2,953 million (30 June 2024: HK$3,070 million), of which 61% are aged less than 30 days, 10% between 31 to 60 days, 3% between 61 to 90 days and 26% more than 90 days (30 June 2024: 57%, 9%, 5% and 29% respectively).

FINANCIAL REVIEW

REVIEW OF RESULT FOR THE FIRST HALF OF FY2024/25

Underlying profit attributable to the Company's shareholders, excluding the fair value changes on investment properties and including the fair value gains realized on sale of investment properties for the six months ended 31 December 2024 was HK$10,463 million, increased by 18% or HK$1,557 million compared with HK$8,906 million for the same period last year. The profit increase was primarily driven by higher recognized profits from property development, lower finance costs, and gains from the disposal of investment properties and land resumption, which was partly offset by a slight decline in property rental income and impairment provision for development properties.

Reported profit attributable to shareholders was HK$7,523 million, representing a decrease of HK$1,622 million or 18% compared with HK$9,145 million for the same period last year.

	Six months ended 31 December	
	2024	2023
	HK$ Million	*HK$ Million*
Reported profit attributable to Company's shareholders	**7,523**	9,145
Adjustments in respect of investment properties		
Net fair value loss/(gain) for the period	**2,034**	(432)
Fair value gains realized on disposal during the period	**906**	193
Net effect	**2,940**	(239)
Underlying profit attributable to Company's shareholders	**10,463**	8,906

Total revenue of the Group's business segments (including share of joint ventures and associates) for the six months ended 31 December 2024 was HK$45,052 million, representing a 33% increase over the corresponding period last year, primarily due to higher revenue from property development in Hong Kong. Segment operating profit was HK$14,466 million (2023: HK$14,348 million).

Revenue and Operating profit by segment for the six months ended 31 December
(including share of joint ventures and associates)

	Revenue		Operating profit	
	2024	2023	**2024**	2023
	HK$ Million	*HK$ Million*	***HK$ Million***	*HK$ Million*
Property development				
Hong Kong	**16,031**	3,612	**2,325**	1,235
Mainland	**617**	1,594	**181**	805
	16,648	5,206	**2,506**	2,040
Property rental				
Hong Kong	**8,813**	8,941	**6,339**	6,574
Mainland	**3,089**	3,139	**2,377**	2,473
Singapore	**378**	374	**288**	279
	12,280	12,454	**9,004**	9,326
Hotel operations	**2,698**	2,757	**377**	430
Telecommunications	**3,492**	3,390	**420**	361
Transport infrastructure and logistics	**4,350**	4,342	**866**	947
Data centre operations	**1,470**	1,290	**745**	616
Other businesses	**4,114**	4,491	**548**	628
Segment total	**45,052**	33,930	**14,466**	14,348

Revenue from property development (including share of joint ventures) in Hong Kong for the six months ended 31 December 2024 was HK$16,031 million, compared to HK$3,612 million for the corresponding period last year, and was mainly derived from sales of residential units in YOHO WEST Phase 1, The YOHO Hub II, St. Barths and Grand Jeté Phase 2. Development profit increased by 88% to HK$2,325 million. Profit margin was 15% compared to 34% for the same period last year.

Revenue from property development (including share of joint ventures) on the mainland was HK$617 million, compared to HK$1,594 million for the same period last year. The decrease was mainly due to lower sales volume of residential units. Development profit decreased to HK$181 million. The contributions were mainly attributable to sales of residential units in Park Royale, Oriental Bund, The Woodland and Grand Waterfront.

As at 31 December 2024, contracted sales of properties (including investment properties) attributable to the Group (including share of joint ventures) not yet recognized amounted to HK$43.6 billion, comprising HK$30.4 billion in Hong Kong, of which about HK$20.2 billion is expected to be recognized in the second half of the current financial year and HK$7.5 billion in the next financial year, and HK$13.2 billion on the mainland, of which HK$8.3 billion will be booked in the second half of the current financial year and HK$2.3 billion in the next financial year.

Rental revenue of property investment in Hong Kong, including share of joint ventures and associates, decreased by 1% to HK$8,813 million. Net rental income decreased by 4% to HK$6,339 million. The decrease was mainly due to decreased contributions from the office segment. The office portfolio recorded a revenue drop of 5% to HK$2,847 million due to negative rental reversions. Revenue of the retail portfolio decreased by 1% to HK$4,593 million, mainly due to reduced turnover rents. Revenue of the Group's residential and serviced apartment portfolio grew by 15% year-on-year, driven mostly by increase in rent rates and full year contribution from TOWNPLACE WEST KOWLOON.

Rental revenue and net rental income of the mainland portfolio, including share of joint ventures, decreased by 2% and 4% in Hong Kong dollar terms to HK$3,089 million and HK$2,377 million, respectively. In Renminbi ("RMB") terms, rental revenue decreased by 2% to RMB2,847 million (2023: RMB2,896 million), mainly due to a decline in turnover rents of the retail portfolio.

Hotel segment (including share of joint ventures) revenue decreased by 2% year-on-year to HK$2,698 million, primarily due to a decline in food and beverages sales. Room sales remained stable, supported by an improved occupancy. Operating profit decreased by 12% to HK$377 million due to increased operating costs and additional costs incurred from new hotels that commenced operations on the mainland. An average occupancy rate of 90% was achieved for the Group's hotels in Hong Kong during the period, up from 84% last year.

SmarTone's revenue and operating profit increased by 3% and 16% to HK$3,492 million and HK$420 million, respectively, driven by the growth in roaming and 5G Home Broadband services.

The Group's transport infrastructure and logistics segment (including share of joint ventures and associates) remained resilient, with revenue holding steady at HK$4,350 million, unchanged from the previous year. Operating profit was HK$866 million. The business aviation centre operations, toll road and franchised bus services all showed stable performance.

SUNeVision's revenue increased by 14% to HK$1,470 million and operating profit increased by 21% to HK$745 million, driven by an increase in contract prices and contribution from new data centre MEGA IDC Phase 1.

The Group's other businesses (including share of joint ventures and associates), which include mainly property management, department store operations and financial services, reported a 8% drop in revenue to HK$4,114 million and a 13% drop on operating profit to HK$548 million. YATA is currently undergoing a store revamp, which temporarily impacted its operations.

Other Net Income

Other net income (including share of joint ventures and associates) amounted to HK$563 million (2023: HK$307 million). This included a HK$1,122 million gain from land resumption by the Government and a reported profit of HK$249 million from the sale of investment properties, partly offset by an impairment provision of HK$1,084 million related to development properties.

The land resumption included around 2.5 million square feet in Hung Shui Kiu/Ha Tsuen New Development Area owned by the Group, with a total cash compensation of approximately HK$3,000 million.

The reported profit of HK$249 million on sale of investment properties (calculated on the basis of net sales proceeds over fair value) was mainly derived from the disposal of 25 units in Tower 2 and 3 of Dynasty Court. The Group realized net proceeds of HK$1,459 million from these disposals, contributing HK$1,152 million to the Group's underlying profit (calculated on the basis of net sales proceeds over costs). In the second half of the financial year, another 26 units in Tower 3 of Dynasty Court, with a total purchase consideration of approximately HK$1,300 million, are scheduled for handover.

The HK$1,084 million impairment provision was primarily attributed to the Cullinan Sky residential project. This provision was based on estimated sales proceeds, minus the costs required to complete and sell the project, excluding previously expensed selling and marketing costs. Cullinan Sky consists of 1,490 units in two phases, covering a total gross floor area of approximately 1.06 million square feet. In the first phase, 887 out of 906 units were pre-sold, generating contracted sales of approximately HK$11,100 million.

Fair Value Change of Investment Properties

Investment properties were carried at fair values based on independent valuation as at 31 December 2024. These consist of completed investment properties and investment properties under development.

The Group (including share of joint ventures and associates) recorded a decrease of HK$2,743 million (2023: increase of HK$558 million) in the fair value of investment properties in Hong Kong and HK$273 million (2023: HK$711 million) in the mainland, and shared an increase of HK$774 million (2023: HK$262 million) in the fair value of ION Orchard mall in Singapore. Net fair value loss attributable to the Company's shareholders, after related deferred taxation and non-controlling interests, was HK$2,034 million (2023: gain of HK$432 million).

Finance Costs and Interest Cover

For the six month ended 31 December 2024, the Group's net finance costs including capitalized interest decreased by HK$429 million to HK$2,440 million, reflecting lower average effective cost of borrowings. Net finance costs charged to the income statement (after interest capitalized) decreased by HK$313 million to HK$1,447 million.

Interest cover for the period was 5.0 times (2023: 3.8 times), measured by the ratio of operating profit to total net interest expenses including those capitalized.

The average effective interest rate of the Group's borrowings for the six months ended 31 December 2024 is analyzed as follows:

	Six months ended 31 December	
	2024	2023
Fixed rate	**2.8%**	2.7%
Floating rate	**4.6%**	5.3%
Weighted average interest rate	**4.0%**	4.5%

Financial Management

The Group adopts a disciplined approach in financial management by maintaining a strong balance sheet and a diversified base of funding sources with sufficient financial resources to support operations and business growth. The Group constantly reviews its capital structure and financial position to ensure that it remains financially sound, so that the Group can continue to provide returns to shareholders while keeping financial leverage at a prudent level.

The Group's financing risk management, debt financing and treasury activities are centrally managed and controlled at the corporate level.

Gearing Ratio

The Group's balance sheet remains strong. Shareholders' equity was HK$605.0 billion or HK$208.8 per share as at 31 December 2024 compared with HK$606.7 billion as at 30 June 2024. The marginal decrease was primarily driven by HK$8.1 billion of dividends paid, offset by HK$6.4 billion in profits and other reserves movements generated during the period.

As at 31 December 2024, the Group's net debt amounted to HK$107,828 million (30 June 2024: HK$110,866 million). Gearing ratio as at 31 December 2024, calculated on the basis of net debt to shareholders' equity of the Company, was 17.8% (30 June 2024: 18.3%). The decrease in net debt since 30 June 2024 was primarily driven by cash inflows from property sales and lower construction spending during the period.

Debt Maturity Profile and Composition

As at 31 December 2024, the Group's gross borrowings totalled HK$122,258 million, of which 67% were bank loans and 33% were notes and bonds, which are repayable on various dates up to June 2033. 72% of the Group's gross borrowings were raised through its wholly-owned finance subsidiaries and the remaining 28% through operating subsidiaries.

The Group's debt maturity profile was well-staggered with around 72% of the borrowings repayable after two years. The average tenure of the entire debt portfolio was 3.3 years as at 31 December 2024 (30 June 2024: 3.3 years).

The maturity profile of the Group's gross borrowings is set out as follows:

	At 31 December 2024		At 30 June 2024	
	HK$ Million	**% of Total**	*HK$ Million*	% of Total
Repayable:				
Within one year	**12,827**	**11%**	10,498	8%
After one year but within two years	**21,155**	**17%**	20,052	16%
After two years but within five years	**66,233**	**54%**	74,816	59%
After five years	**22,043**	**18%**	21,721	17%
Total bank and other borrowings	**122,258**	**100%**	127,087	100%
Bank deposits and cash	**14,430**		16,221	
Net debt	**107,828**		110,866	

Composition of the Group's debt portfolio is as follows:

(i) By currency (after currency swap)

	At 31 December 2024		At 30 June 2024	
	HK$ Million	**% of Total**	*HK$ Million*	% of Total
Hong Kong dollar	**92,707**	**76%**	99,867	79%
RMB	**27,820**	**23%**	25,527	20%
British pound	**1,731**	**1%**	1,693	1%
Total borrowings	**122,258**	**100%**	127,087	100%

When financing operations outside Hong Kong, the Group will borrow on the same currency as the underlying assets or when feasible, hedge through cross currency swaps for exchange risk exposure. At 31 December 2024, about 23% of the Group's total borrowings were denominated in RMB to act as natural hedges of net investments in the mainland.

(ii) By fixed or floating interest (after interest rate swap)

	At 31 December 2024		At 30 June 2024	
	HK$ Million	**% of Total**	*HK$ Million*	% of Total
Fixed	**41,117**	**34%**	39,660	31%
Floating				
- Hong Kong dollar	**62,197**	**51%**	67,007	53%
- RMB	**17,213**	**14%**	18,727	15%
- British pound	**1,731**	**1%**	1,693	1%
Total borrowings	**122,258**	**100%**	127,087	100%

Financial Resources

The Group's strong financial strength enables it to raise long-term financing from various sources at competitive rates. As part of its prudent debt management policy, the Group has always secured a considerable amount of undrawn committed banking facilities, most of which are arranged on a medium to long term basis with a well-balanced maturity profile, to help minimize refinancing risk and attain financing flexibility, while optimizing financing cost. The Group closely monitors its liquidity and financing requirements to ensure that available financial resources are in place to cover its financing needs.

With a substantial amount of standby banking facilities in place, continuous cash inflow from property sales and a solid base of recurring income, the Group has adequate financial resources for its funding requirements and is well positioned to take advantage of investment opportunities when they arise.

Foreign Exchange Rate Risk Management

The Group's foreign exchange exposure was small given both its large asset base and operational cash flow are primarily denominated in Hong Kong dollar, which is the Group's presentation currency.

The Group is exposed to currency translation risk mainly arising from translating the financial statements of subsidiaries and joint ventures operating in the mainland. The Group has not entered into foreign currency derivatives to hedge the translation risk exposure of its net investments in mainland and maintained an appropriate level of RMB-denominated financial resources for capital requirements. Land acquisition costs for the mainland projects are principally financed by capital injection funded by the Group's equity and internally generated funds. On-going business operations in the mainland are financed through internal resources and borrowings in RMB. As at 31 December 2024, approximately 17% of the Group's net assets were denominated in RMB. Compared with 30 June 2024, RMB depreciated against Hong Kong dollar by about 1%. The translation of these RMB assets into Hong Kong dollar at the exchange rate as of 31 December 2024 resulted in a translation loss of approximately HK$1.1 billion (2023: gain of HK$2.1 billion), recognized in the exchange reserve.

The Group has insignificant currency risk exposure associated with certain monetary assets and liabilities denominated in foreign currencies. Where feasible and cost effective, the Group may enter into foreign exchange contracts to reduce the currency risk.

Derivative Instruments

As at 31 December 2024, the Group has entered into certain interest rate swaps, cross currency interest rate swaps and forward foreign exchange contracts in the aggregate notional amount of HK$16,388 million to manage its interest rate risk and currency risk exposures. The use of derivative instruments is strictly controlled and solely for hedging the Group's underlying financial exposures for its core business operations. It is the Group's policy not to enter into derivative and structured product transactions for speculative purposes.

Bank Deposits and Cash

As at 31 December 2024, the Group's bank deposits and cash amounted to HK$14,430 million, of which 71% were denominated in Hong Kong dollar, 23% in RMB, and the remaining 6% mostly in US dollar. The RMB deposits were mostly held by the mainland subsidiaries for meeting the funding needs of their mainland projects.

All deposits are placed with banks carrying strong credit ratings with appropriate credit limits assigned relative to their credit strength, and are regularly monitored for exposures to each financial counterparty.

Charges of Assets

As at 31 December 2024, certain bank deposits of the Group's subsidiaries in the aggregate amount of HK$45 million were pledged for securing guarantees issued by the banks. Additionally, certain assets of the Group's subsidiaries with an aggregate carrying value of HK$16,616 million have been charged as security for bank borrowings. Except for the aforementioned charges, all the Group's assets are free from any encumbrances.

Contingent Liabilities

As at 31 December 2024, the Group had contingent liabilities in respect of guarantees for bank borrowings of certain joint ventures and other guarantees in the aggregate amount of HK$1,901 million (30 June 2024: HK$1,907 million).

EMOLUMENT POLICY AND LONG-TERM INCENTIVE SCHEMES OF THE GROUP

As at 31 December 2024, the Group employed more than 40,000 employees. The related employees' costs before reimbursements for the six months ended 31 December 2024 amounted to approximately HK$7,568 million. Compensation for the Group is made with reference to the market as well as individual performance and contributions. Extensive use of bonuses to link performance with reward is adopted. The Group also provides a comprehensive benefit package and career development opportunities, including retirement schemes, medical benefits, and both internal and external training appropriate to individual needs. Share option and share award schemes have also been adopted by certain subsidiaries of the Company to provide appropriate long-term incentive to the key staff of the Group.

BASIS OF DETERMINING EMOLUMENT TO DIRECTORS

The same remuneration philosophy also applies to the Directors of the Company. Apart from benchmarking against the market, the Company looks at individual competence and contributions and the affordability of the Company in determining the exact level of remuneration for each Director. Appropriate benefits schemes are also in place for the Executive Directors.

INTERIM DIVIDEND

The Board of Directors of the Company (the "Board") has declared an interim dividend of HK$0.95 per share (2023: HK$0.95 per share) for the six months ended 31 December 2024 to the shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company on Friday, 14 March 2025. The interim dividend will be payable in cash on Thursday, 20 March 2025. Shares of the Company will be traded ex-dividend as from Wednesday, 12 March 2025.

CLOSURE OF REGISTER OF MEMBERS

The record date for ascertaining Shareholders' entitlement to the interim dividend will be Friday, 14 March 2025, during which the register of members of the Company will be closed and no transfer of shares will be registered. In order to establish entitlements to the interim dividend, Shareholders must lodge all transfer documents accompanied by the relevant share certificates for registration with Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Thursday, 13 March 2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2024.

REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim results for the six months ended 31 December 2024 are unaudited, but have been reviewed 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 by Messrs. Deloitte Touche Tohmatsu, whose report on review of condensed consolidated financial statements will be set out in the 2024/25 interim report. The interim results have also been reviewed by the Audit and Risk Management Committee of the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 31 December 2024, the Company has complied with the code provisions (the "Code Provisions") of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, except that there is no separation of the roles of chairman and chief executive as required under Code Provision C.2.1. However, the powers and authorities have not been concentrated as all major decisions have been made in consultation with the Board and appropriate Board committees, as well as top management. In addition, there are two Non-Executive Directors and seven Independent Non-Executive Directors on the Board offering their experience, expertise, independent advice and views from different perspectives. The Board is therefore of the view that there are adequate balance of power and safeguards in place.

INTERIM REPORT

The 2024/25 interim report containing all the financial and other related information of the Company required by the Listing Rules will be published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.shkp.com, and printed copies will be sent to the Shareholders before the end of March 2025.

By order of the Board
YUNG Sheung-tat, Sandy
Company Secretary

Hong Kong, 27 February 2025

As at the date hereof, the Board comprises nine Executive Directors, being KWOK Ping-luen, Raymond (Chairman and Managing Director)(KWOK Ho-lai, Edward being his Alternate Director), WONG Chik-wing, Mike (Deputy Managing Director), LUI Ting, Victor (Deputy Managing Director), KWOK Kai-fai, Adam, KWOK Kai-wang, Christopher, TUNG Chi-ho, Eric, FUNG Yuk-lun, Allen, FUNG Sau-yim, Maureen and CHAN Hong-ki, Robert; two Non-Executive Directors, being KWAN Cheuk-yin, William and KWOK Kai-chun, Geoffrey; and seven Independent Non-Executive Directors, being YIP Dicky Peter, WONG Yue-chim, Richard, LI Ka-cheung, Eric, FUNG Kwok-lun, William, LEUNG Nai-pang, Norman, LEUNG KO May-yee, Margaret and FAN Hung-ling, Henry.