

 SWIRE PROPERTIES

Stock Code: 01972

# Interim Report 2024





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**Swire Properties Limited (the “Company”)** is a leading developer, owner and operator of mixed-use, principally commercial, properties in Hong Kong and the Chinese Mainland, with a record of creating long-term value by transforming urban areas. Our business comprises three elements: property investment, property trading and hotel investment.

Founded in Hong Kong in 1972, the Company is listed on The Stock Exchange of Hong Kong Limited and, with its subsidiaries, employs around 5,800 people. The Company’s shopping malls are home to more than 2,200 retail outlets. Its offices house a working population estimated to exceed 70,000. Our investment portfolio in Hong Kong comprises Taikoo Place, Pacific Place and Cityplaza. In the Chinese Mainland, the Company has six major commercial projects in operation in Beijing, Guangzhou, Chengdu and Shanghai. The Company has interests in the luxury and high quality residential markets in Hong Kong, the Chinese Mainland, Indonesia, Vietnam and Thailand. There are also land banks in Miami, U.S.A. Swire Hotels develops and manages hotels in Hong Kong, the Chinese Mainland, and the U.S.A., with a confirmed expansion plan to Japan.



# Company Profile



Captures what we do and how we do it. It underlines the creative mindset and long-term approach that enables us to seek out new perspectives, and original thinking that goes beyond the conventional. It also encapsulates our ability to unlock the potential of places and create vibrant destinations that can engender further growth and create sustainable value for our stakeholders.





# Creative Transformation



# 2024 First Half Sustainable Development Highlights



Included in the “S&P Sustainability Yearbook (China)” for the 2nd consecutive year and the only real estate management and development company to make the “Top 1%” S&P Global ESG Score (China).

**最佳 1%**  
中国企业标普全球CSA评分2023

Taikoo Place was the first and only development in Hong Kong to be awarded by the LEED (Leadership in Energy and Environmental Design) Communities certification programme (Gold Rating).



Taikoo Hui, Guangzhou (Tower 2) – HSBC Office received awards for LEED Zero Carbon and LEED Zero Energy certifications from the U.S. Green Building Council.

Two Taikoo Place was named a winner of the Urban Land Institute 2024 Asia Pacific Awards for Excellence.

Received Excellent Award (Community Caring Award), Excellent Award (Grand Award of Innovation) and Elite Award (Green Achievement Award) at HR Excellence Awards 2023/2024 held by The Hong Kong Institute of Human Resource Management.

Partnered with the Taskforce on Nature-related Financial Disclosures (“TNFD”) to officially launch its framework in Hong Kong, encouraging corporates and financial institutions to disclose and manage their nature-related risk and opportunities.



Over 110 tenants committed to the Green Performance Pledge, representing approximately 50%\* of office tenants. Over 170 business executives from more than 70 companies attended the annual GPP Forum 2024 to celebrate collective achievements.



\* Measured by occupied lettable floor area of office portfolios at 100% basis comprising of Taikoo Place and Pacific Place in Hong Kong and Taikoo Hui, Guangzhou.

118 F&B outlets across Swire Properties’ Hong Kong and Chinese Mainland portfolios have received the Green Kitchen Award.



Taikoo Square at Taikoo Place officially opened to promote urban biodiversity and community wellbeing.

The 12th “BOOKS FOR LOVE @ \$10” Charity Book Sale raised a record-breaking amount of over HK\$1.3 million in total.



“Our vision is to be the leading sustainable development performer in our industry globally by 2030.”

Guy Bradley, Chairman

# Financial Highlights

	Note	Six months ended 30th June		Change
		2024 HK\$M	2023 HK\$M	
<b>Results</b>				
Revenue		<b>7,279</b>	7,297	0%
Profit attributable to the Company's shareholders				
Underlying	(a), (b)	<b>3,857</b>	3,901	-1%
Recurring underlying	(a), (b)	<b>3,570</b>	3,892	-8%
Reported		<b>1,796</b>	2,223	-19%
Cash generated from operations		<b>3,701</b>	4,221	-12%
Net cash inflow/(outflow) before financing		<b>1,284</b>	(3,387)	N/A
		<b>HK\$</b>	<b>HK\$</b>	
Earnings per share				
Underlying	(c), (d)	<b>0.66</b>	0.67	-1%
Recurring underlying	(c), (d)	<b>0.61</b>	0.67	-8%
Reported	(c), (d)	<b>0.31</b>	0.38	-19%
Dividend per share				
First interim		<b>0.34</b>	0.33	+3%
		<b>30th June 2024 HK\$M</b>	<b>31st December 2023 HK\$M</b>	<b>Change</b>
<b>Financial Position</b>				
Total equity (including non-controlling interests)		<b>284,155</b>	288,149	-1%
Net debt		<b>37,796</b>	36,679	+3%
Gearing ratio	(a)	<b>13.3%</b>	12.7%	+0.6%pt.
		<b>HK\$</b>	<b>HK\$</b>	
Equity attributable to the Company's shareholders per share	(a)	<b>48.05</b>	48.73	-1%

Notes:

(a) Refer to glossary on page 79 for definition.

(b) A reconciliation between reported profit and underlying profit attributable to the Company's shareholders is provided on page 18.

(c) Refer to note 11 to the financial statements for the weighted average number of shares.

(d) The percentage change is the same as the corresponding percentage change in profit attributable to the Company's shareholders.

	Six months ended 30th June	
	2024 HK\$M	2023 HK\$M
<b>Underlying profit/(losses) by segment</b>		
Property investment	<b>3,693</b>	3,939
Property trading	<b>(61)</b>	(37)
Hotels	<b>(62)</b>	(10)
<b>Recurring underlying profit</b>	<b>3,570</b>	3,892
Divestment	<b>287</b>	9
<b>Underlying profit</b>	<b>3,857</b>	3,901

# Chairman's Statement

## Dear Shareholders,

The first half of 2024 presented several challenges for Swire Properties, mainly due to the ongoing uncertainty and geopolitical tension affecting the global economy. Despite these headwinds our commitment to our long-term strategy of continuous investment in key markets to deliver sustainable dividend growth remains unchanged.

We have continued to make good progress in delivering our HK\$100 billion investment plan, of which more than 60% has now been committed. In the Chinese Mainland, HK\$50 billion has been allocated to expand and reinforce existing developments and help us develop new, large-scale, retail-led landmarks in Tier-1 and emerging Tier-1 cities. In Hong Kong, HK\$30 billion has been allocated to continue the expansion of our core commercial portfolios, Taikoo Place and Pacific Place, while HK\$20 billion is being invested in residential trading projects in Hong Kong, the Chinese Mainland and new markets in South East Asia.

This plan sets out a clear path for the growth of Swire Properties over the next decade. Despite some softness in our core markets, in particular the subdued office sector in Hong Kong, we remain confident in the long-term growth of our business in Hong Kong and the Chinese Mainland, specifically in the context of Beijing, Shanghai and the Greater Bay Area.

We continue to adopt an active capital recycling strategy to explore divestment opportunities for non-core assets to strengthen our balance sheet and to support future investments in our core market.

In the Chinese Mainland, we are making good progress with our new investments in different cities, including large-scale developments in Beijing, Shanghai, Sanya and Xi'an. The Chinese Mainland is an increasingly significant contributor to the growth in our rental income. We will continue to leverage our two well-established brands, Taikoo Hui and Taikoo Li, to develop projects that will become major lifestyle landmarks in their respective cities.

We continue to demonstrate our global leadership in the ESG sector, ranking second in our industry on the Dow Jones Sustainability World Index. We are also breaking new ground by integrating nature and biodiversity into the design and operations of our developments. A good example is the biophilic design that has been incorporated into the newly opened Taikoo Square and Taikoo Garden, part of the extensive green open space that is an important feature of our Taikoo Place redevelopment project in Hong Kong. Our membership of the Taskforce on Nature-related Financial Disclosures ("TNFD") is another demonstration of our resolve in this area. We remain steadfast in our commitment to our sustainability goals and will continue to leverage the power of innovative digital solutions to improve our readiness for the future.

## Results Summary

Our recurring underlying profit attributable to shareholders decreased by HK\$322 million from HK\$3,892 million in the first half of 2023 to HK\$3,570 million in the first half of 2024, which mainly reflected higher net finance charges and a reduction in office rental income in Hong Kong. Our underlying profit decreased slightly by 1% to HK\$3,857 million in the first half of 2024, which includes the sale of car parking spaces at our Taikoo Shing residential development in Hong Kong.

Our reported profit attributable to shareholders in the first half of 2024 was HK\$1,796 million, compared with HK\$2,223 million in the same period of 2023. There was a fair value loss on investment properties of HK\$879 million in the first half of 2024 compared to HK\$1,635 million in the same period in 2023. A change in the fair value of investment properties is non-cash in nature and has no impact on our operating cash flow nor on underlying profit attributable to shareholders. Our balance sheet remains strong. The overall financial position of the Company remains healthy and the change in fair value is not expected to have any impact on our investment strategy.

## Progressive Dividends and Share Buy-Back

We declared a first interim dividend for 2024 of HK\$0.34 per share. This represents a 3% increase over the first interim dividend for 2023. The first interim dividend for 2024 will be paid on Wednesday, 9th October 2024 to shareholders registered at the close of business on the record date, being Friday, 6th September 2024. Shares of the Company will be traded ex-dividend from Wednesday, 4th September 2024.

Our policy is to deliver sustainable growth in dividends and to pay out approximately half of our underlying profit in ordinary dividends over time. Riding on the benefit of our planned investments, our goal is to deliver mid-single-digit annual growth in dividends.

The Company has announced that the Board has approved a share buy-back programme of up to HK\$1.5 billion for the period up to the conclusion of the next annual general meeting to be held in May 2025.

## Hong Kong Office Development

The Hong Kong office market is currently facing the twin challenges of oversupply and weak demand. Amid an uncertain economic landscape, corporates are exercising caution in their real estate decisions. However, given Hong Kong's standing as an international financial hub and the principal gateway between the Chinese Mainland and the rest of the world, we anticipate a recovery in demand in the medium to long term, particularly for the finance sector when the IPO pipeline returns, and increased interest from tenants in the Chinese Mainland once the Chinese economy picks up.

In accordance with our long-term placemaking strategy, Taikoo Place has been transformed into a Global Business District that is changing the office environment for corporates in Hong Kong. We recently completed the latest phase of the Taikoo Place redevelopment project, which includes the completion of two Triple-A office towers, One Taikoo Place and Two Taikoo Place, an additional 70,000 square feet of green space to promote urban biodiversity, climate-controlled elevated walkways,

and an exciting array of al fresco dining options at street level. We will also introduce a member's club, and a brand-new social concept over four floors in Two Taikoo Place, with multi-faceted hospitality, events and meeting spaces, connection-driven programming and exceptional dining offerings.

These are important milestones which are helping to transform Taikoo Place into a vibrant community that enjoys one of the best working environments in Hong Kong. We are, however, conscious of prevailing weak market conditions and will ensure that we pace any development of new stock to match anticipated future demand.

Under our HK\$100 billion investment plan, we have expanded the Pacific Place portfolio in Admiralty with the completion of Six Pacific Place, a new Grade A office tower. Pacific Place enjoys a strategic location with excellent connectivity combined with best-in-class retail, office and hotel offerings. Our outlook for Pacific Place and for the Greater Admiralty super-interchange MTR hub is very positive and the portfolio will continue to benefit from improvements in local infrastructure to improve walkability. We are currently constructing a footbridge between Pacific Place and Harcourt Garden and a planned tunnel connecting Pacific Place and the Wan Chai area, further enhancing connectivity to strengthen Admiralty's positioning as a major interchange station for the MTR network.

Our industry-leading ESG credentials and close partnership with tenants who are seeking to achieve their own ESG goals remains a key differentiator in the Hong Kong office market. To ensure that the flight-to-quality trend continues, we are committed to ensuring that the design of our offices remains resilient for the future and to pursuing ambitious sustainability targets under our SD 2030 Strategy. This approach instils confidence in corporates and this commitment will stand us in good stead as the market recovers.

## Expansion in the Chinese Mainland

Our confidence in the long-term prospects for the Chinese Mainland market are reflected in our investment pipeline. We continue to look for development

opportunities in Tier-1 and emerging Tier-1 cities to reach our goal of doubling our GFA in the region under our HK\$100 billion investment plan by 2032. Our focus this year remains on developing our new pipeline projects as well as the ongoing asset reinforcement and upgrading of existing projects.

Our two new investments in Shanghai's Pudong District, the Shanghai New Bund Mixed-use Project and the Shanghai Yangjing Mixed-use Project, newly named Lujiazui Taikoo Yuan, are well underway. Both are large-scale, mixed-use projects and the latter marks a debut for our premium residential brand in the Chinese Mainland market. The addition of these two new projects means we will have four developments in Shanghai in total, making it the city where we will have our largest operation in the Chinese Mainland.

Other key projects in our investment pipeline include Taikoo Li Xi'an, our first investment in Xi'an, as well as Taikoo Li Sanya, which is expected to contribute to Sanya's rapid development as an international tourist and consumption hub. In June, we were pleased to announce a plan to increase our stake in INDIGO Phase Two in Beijing. The acquisition was completed in early August 2024. INDIGO Phase Two is the largest, premium commercial hub currently under development in Beijing. Together with our new partner, China Life, and despite short-term soft demand, we remain confident in the outlook for Beijing's office market.

We are keen to increase our investment in the Greater Bay Area and we are collaborating with Guangzhou Pearl River Enterprises Group to develop the Julong Wan Project, the retail portion of a large-scale, mixed-use development in Liwan District, Guangzhou. We are also expanding the retail portion of Taikoo Hui Guangzhou, and in August 2024 we successfully bid for No. 387 Tianhe Road, which will be renovated as a luxury retail addition to Taikoo Hui to accommodate pent-up market demand.

We are also carrying out significant upgrades across our existing projects in the Chinese Mainland. In April 2024, we announced the redevelopment of The Opposite House in Beijing into a retail landmark for global flagship stores. This is in addition to the development of new

luxury retail spaces in Taikoo Li Sanlitun North. Similar upgrades are also being carried out at HKRI Taikoo Hui in Shanghai and Taikoo Li Chengdu with the aim of expanding the luxury retail content within our portfolios.

Currently, we are expanding our coverage to establish a network of 11 major retail-led, commercial developments in six Chinese Mainland cities by 2027. Despite some economic uncertainties, in terms of our investment pipeline projects and portfolio upgrades, this will position the Company to increase our share of the Chinese Mainland luxury retail market.

## Retail Portfolio and Residential Pipeline

Looking at retail in Hong Kong and the Chinese Mainland, we have seen a drop in both markets following a strong post-pandemic rebound last year. We are seeing new retail trends emerging, particularly the strong demand for experiential luxury. This has led to successful collaborations with our tenant partners on tailored customer-focused campaigns, anchored by the innovative use of digital technologies. We are also investing in our loyalty programmes and premium lounges across our Hong Kong and Chinese Mainland malls, with crossover promotions helping to broaden our reach.

With regards to trading properties, we are building an exciting residential pipeline in our key markets of Hong Kong, four major cities in South East Asia and in the Chinese Mainland. In Shanghai, both the New Bund Project and Lujiazui Taikoo Yuan have significant residential components, with the latter marking the debut of our premium residential brand in this important market.

In Hong Kong, we were encouraged by the recent removal of tightening measures by the HKSAR Government which has instilled greater confidence in the residential property market. We hope to see an improvement in both demand and pricing levels, albeit in the short term we expect market conditions to remain challenging.

We have made significant inroads with our growth plans in South East Asia and are building a presence in four key markets, focusing on the residential sector in Jakarta, Singapore, Bangkok and Ho Chi Minh City.

## Sustainable Development and Community Leadership

Our significant sustainability achievements are being recognised in Hong Kong and the Chinese Mainland. In April, Taikoo Place became the first development in Hong Kong to obtain LEED Communities Gold Certification in recognition of the portfolio's integrated planning, green spaces and connectivity on a community level. Taikoo Hui, Guangzhou (Tower 2) – HSBC Office was awarded LEED Zero Certifications, demonstrating its accomplishment in achieving net-zero carbon emissions by reducing carbon emissions and carbon offsets.

Guided by our 1.5°C science-based targets, we continue to invest in research, adopting industry-leading technologies and initiatives to strengthen decarbonisation capabilities across our portfolios. We are also piloting an internal carbon pricing mechanism to quantify carbon risks to our operations and reallocate capital to promote low-carbon investments. Recognising the growing need for businesses to take actions to mitigate their impact on biodiversity and nature, we have been integrating biodiversity considerations into our existing operations – including the unveiling of a 70,000-square-foot green space in Taikoo Place and launching relevant policies for all our developments.

We have also made great strides in our green financing efforts. We recently won the Best ESG Issuer in Asia at the FinanceAsia Achievement Awards 2023 and our green "dim sum" bonds offering has also received several awards. Looking ahead, we will continue to pursue our target to have a minimum of 80% of bond and loan facilities from green financing by 2030, in alignment with the HKSAR Government's masterplan for a green transition and carbon neutrality.

Creating social impact remains a vital component of our ESG priorities. Our community care initiatives include the 2,000-member-strong Community Ambassador

Programme which continues to make a significant impact by connecting staff, tenants, business partners and the wider community through an extensive range of volunteering and fundraising initiatives. Our youth empowerment programmes are going from strength to strength.

With a commitment to build sustainable communities through our placemaking education programme, the Swire Properties Placemaking Academy continues to grow its alumni base. Our partnership with the Hong Kong Palace Museum entered its third year in 2024. The successful "Bi-city Youth Cultural Leadership Programme" will be extended to include a learning experience to Chengdu, providing an even more enriching programme for young cultural talents from Hong Kong and Beijing.

## Conclusion

We remain confident in the long-term prospects for our core markets of Hong Kong, the Chinese Mainland and South East Asia, and our investment plan reflects this confidence. Looking ahead to the next six months and beyond, we will continue to focus on delivering on our investment and growth plans, and to strengthen the resilience of our existing portfolio. We will continue to look at how we can innovate and introduce exciting products and services to enhance the performance of our portfolios, and to examine carefully where we can further improve on the ESG front and accelerate the digital transformation of our business.

I would like to thank all our stakeholders for their ongoing support this year. I also wish to thank the team at Swire Properties for their contribution. Their professionalism, persistence and innovative spirit have been pivotal in driving our business forward.

**Guy Bradley**

Chairman

Hong Kong, 8th August 2024

# Chief Executive's Statement

## Dear Shareholders,

Despite the current headwinds in our primary markets, our business continues to be on a solid financial footing. We saw a steady performance across all our operations during the first six months of 2024, demonstrating our resilience and adaptability to the challenging economic landscape. Our balance sheet remains strong and we enjoy a healthy gearing level thanks to our active capital recycling strategy.

We have made good progress since announcing our HK\$100 billion investment plan in 2022, particularly in the Chinese Mainland. This market is a key driver of revenue growth and remains strategically important to our long-term expansion plans. We remain fully committed to our home market in Hong Kong, where we are focused on expanding and enhancing our flagship commercial portfolios at Taikoo Place and Pacific Place.

We also remain confident that Hong Kong will maintain its global competitiveness through the various initiatives put in place by the HKSAR Government. As a leading property developer in the city, we will continue to support Hong Kong's position as the gateway to the Chinese Mainland and its status as an international financial centre.

Looking ahead, our focus is firmly on the future, guided by our long-term commitment to placemaking. As we grow the business under our HK\$100 billion investment plan, we will continue to demonstrate leadership in sustainable development while adopting innovative technologies to prepare ourselves for opportunities and challenges ahead.

## Business Performance

As reported by the Chairman, the interim result was impacted by a subdued office market in Hong Kong where we are seeing weak demand coupled with a continuous supply of new space coming on stream. However, our portfolios have remained resilient, supported by our strong placemaking attributes, including ESG initiatives, amenity provisions and tenant engagement programmes.

Despite a significant recovery in 2023, our retail portfolio in Hong Kong was impacted by macro-economic uncertainties. The continued outbound travel trend and changes in tourist spending behaviour are adversely affecting the retail market. Our shopping malls remain the preferred choice for major retail tenants, with all of them almost fully let. We continue to carry out improvements to our retail trade mix alongside innovative marketing campaigns and loyalty programme initiatives that are helping to attract more local customers and tourists to our malls.

In the Chinese Mainland, we achieved record-high retail sales in the first half of 2023 following the lifting of COVID-19-related restrictions. However, due to an increase in outbound travel (reflecting the visa-free policy offered by some countries for Chinese Mainland travellers and the depreciation in certain currencies, in particular the Japanese Yen), renovation-related disruption in some malls and the comparison to last year's post-pandemic high base, retail sales growth in the Chinese Mainland has normalised. Notably foot traffic in our malls has remained steady.

We recorded a small underlying loss from our property trading activities in the first half of 2024 due to sales and marketing expenses incurred for several residential trading projects.

## Chief Executive's Statement

The speed of recovery of our hotel business in Hong Kong was slower than anticipated, while the performance of our hotels in the Chinese Mainland was relatively stable. The performance of our hotels in the U.S.A. was mixed.

## Future Prospects

The outlook for the retail market in Hong Kong remains challenging. We expect that footfall and tenant sales will continue to be impacted by the weak market sentiment, particularly due to the propensity for outbound travel and changes in consumers' spending patterns. However, thanks to the continuous refinement of our retail trade mix, our activation and promotional strategies, and the world-class events organised by the HKSAR Government, we anticipate that the sales performance of our malls will remain resilient. Experiential shopping will be a key part of our retail strategy and we will continue to invest in innovative partnerships such as the latest collaboration with the "Welcome to Anfield – the LFC Experience". We will look for more opportunities to leverage the crossover potential of our malls to engage a wider and more diverse customer base.

In the Chinese Mainland, 2024 will be a year of normalisation for the retail market following the 2023 post-pandemic peak. Overall demand for retail space is expected to remain solid, with retailers taking a more prudent approach to expansion in the second half of 2024. We anticipate that demand for luxury retail space in Guangzhou and Chengdu will remain strong. We are focused on reinforcing our Chinese Mainland portfolio through reconfiguration works and tenant mix enhancements currently being carried out across several developments, including Taikoo Li Sanlitun in Beijing, Taikoo Li Chengdu and HKRI Taikoo Hui in Shanghai.

Under our HK\$100 billion investment plan we are developing a pipeline of new retail-led projects, including in Xi'an, Sanya and Guangzhou, and two large-scale developments in Shanghai. We are expanding and

diversifying our portfolio, providing new sources of income as these projects come on stream over the next few years.

The recovery of the Hong Kong office market has proven slower than expected in the wake of the pandemic. The market is likely to remain subdued for the rest of 2024, and rental levels will remain under pressure. However, in terms of occupancy, our office portfolio has consistently outperformed the submarkets we operate in. The prevailing flight-to-quality trend in Hong Kong's office market is also favouring premium, new office buildings such as Two Taikoo Place and Six Pacific Place. Leasing for both these office towers is progressing well, with the former now 67% let and the latter currently at 44%.

The latest phase of the redevelopment of Taikoo Place has been completed, transforming the area into a Global Business District. Our diverse amenity provision is a key differentiator and the newly opened Taikoo Square is a showcase of our ambitious, nature-oriented design with a strong emphasis on wellness and ESG performance. More outdoor dining concepts are now available with the opening of Taikoo Piazza, while new elevated walkways offer excellent physical and social connectivity throughout Taikoo Place.

In the Chinese Mainland, we are taking inspiration from Taikoo Place to develop INDIGO Phase Two. With a new strategic partner, China Life, we will provide more than four million square feet of commercial space in Chaoyang District in Beijing. Construction is well underway and the development will be completed in phases starting from late 2025.

On the residential front, market sentiment in Hong Kong remains soft in light of economic uncertainties and the high interest rate environment, despite the HKSAR Government's recent decision to relax tightening measures. Market confidence will take some time to recover, but we expect demand to remain resilient over the medium to long term, supported by interest from both local and Chinese Mainland buyers.

We are currently busy developing a strong and diverse pipeline of four residential projects on Hong Kong island. “LA MONTAGNE” at The Southside in Wong Chuk Hang was launched for sale in 2023, and we are at the design stage for a new residential project at 269 Queen’s Road East. We are also working with a long term partner on a development in Chai Wan, a rare, large-scale residential site for which we plan to launch sales early next year.

We are excited to have entered the residential market in the Chinese Mainland with two new mixed-use projects in Shanghai – the Shanghai New Bund Mixed-use Project and Lujiazui Taikoo Yuan. Our New Bund project is in a fantastic location at the heart of the Qiantan area, opposite Taikoo Li Qiantan, where residential sales have performed extremely well. Similarly, Lujiazui Taikoo Yuan is in a highly sought-after location in Pudong, along the Huangpu River. It was formerly the location of the Taikoo Wharf in the early to mid-1900s and the development design will pay tribute to its heritage. The residential portion will comprise eleven towers offering high-quality waterfront living in the heart of Shanghai.

In South East Asia, we remain focused on our four target markets of Jakarta, Singapore, Bangkok and Ho Chi Minh City. We have three projects currently in development and the outlook remains positive. With factors such as continued urbanisation, a growing middle class and a limited supply of luxury residential properties, demand in these markets is expected to remain stable.

We are cautiously optimistic for our hotel business in Hong Kong, subject to the speed of recovery for inbound tourism and business travel. We are keen to expand The House Collective and EAST brands through third party management agreements. The development of our new House Collective hotels in Tokyo, Shenzhen and Xi’an is well underway and we continue to look for opportunities to introduce our two hotel brands to new markets in the region.

## Pioneering Sustainable Development Practices

We remain at the forefront of sustainable development (“SD”) practices in our industry, consistently pushing boundaries and reaching new milestones. Our efforts have gained global recognition, including a second place ranking in our industry globally on the Dow Jones Sustainability World Index 2023 and the top spot on the Hang Seng Corporate Sustainability Index. Our ultimate objective is to achieve net-zero emissions by 2050.

We recognise biodiversity as the next frontier in addressing climate change. We have policies and guidelines in place to guide us in incorporating biodiversity considerations into different aspects of our business operations and developments. The redevelopment of Taikoo Place is a showcase to demonstrate how we integrate biodiversity from an early stage. This was achieved through initial biodiversity assessments and the incorporation of biophilic designs for Taikoo Square and Taikoo Garden, which feature more than 260 native and exotic plant species to promote urban biodiversity.

Our sustainability-related partnerships with tenants distinguish us from our peers and are an increasingly critical part of our leasing strategy. The Green Performance Pledge (“GPP”) builds on the premise of a green lease and the programme has generated enthusiastic support, with more than 110 office tenants participating across our Hong Kong portfolio. We launched the programme in the Chinese Mainland in November 2023 which has also received a very positive response. Meanwhile, our Green Kitchen Initiative is also receiving positive recognition from F&B tenants thanks to the excellent progress which has been made. Over 110 F&B tenants are currently enrolled across our Hong Kong and Chinese Mainland retail portfolios.

The digital transformation of our business is essential in helping us to realise our sustainability goals. We are developing and expanding our capabilities and developing our people with the future in mind, optimising processes, trialing new technologies and building a strong digital talent pipeline. This will ensure our agility and resilience as emerging technologies become more prevalent in the workplace.

## Our Commitment to the Community

We continue to support the needs of the wider community through our longstanding Community Ambassador Programme. Our signature annual event, "BOOKS FOR LOVE @ \$10", exceeded its fundraising record this year, with more than 6,000 Community Ambassadors and volunteers from NGO partners dedicating their time to make the campaign a success.

Youth empowerment continues to be a significant focus for our community initiatives. Now in its sixth year, the Swire Properties Placemaking Academy ("SPPA") welcomed its newest cohort this summer to begin planning the 2024 edition of our White Christmas Street Fair. We also commenced the third edition of the Hong Kong Palace Museum's Bi-city Youth Cultural Leadership Programme in July, once again as Lead Sponsor. Through the programme, 16 outstanding university students from Hong Kong and Beijing are given the opportunity to participate in cross-cultural exchange and internship experience to be coached into becoming cultural leaders of the future.

## Looking Ahead

We remain committed to driving long-term growth across all our core markets in Hong Kong, the Chinese Mainland and South East Asia. Despite the current macro-economic uncertainties, our business remains on a solid financial footing and we are investing responsibly for the long term under our HK\$100 billion investment plan.

We are well placed to weather the headwinds in 2024. We will continue to focus on evaluating new investment opportunities and reinforcing the quality and performance of our existing property portfolios, while realising our sustainability objectives.

I would like to acknowledge the continued support and trust of our shareholders and partners as we embark on a significant stage of growth in our business. I would also like to express my appreciation for the valuable contributions made by everyone in the Swire Properties team – your collective effort continues to drive all our achievements.

### **Tim Blackburn**

Chief Executive

Hong Kong, 8th August 2024

# Review of Operations

	Six months ended 30th June		Year ended 31st December
	2024 HK\$M	2023 HK\$M	2023 HK\$M
<b>Revenue</b>			
<b>Gross Rental Income derived from</b>			
Office	2,765	2,960	5,835
Retail	3,682	3,510	7,143
Residential	218	207	430
<b>Other Revenue</b> <sup>(1)</sup>	62	55	117
<b>Property Investment</b>	6,727	6,732	13,525
<b>Property Trading</b>	88	89	166
<b>Hotels</b>	464	476	979
<b>Total Revenue</b>	7,279	7,297	14,670
<b>Operating Profit/(Losses) derived from</b>			
Property investment			
From operations	4,389	4,254	8,261
Sale of interests in investment properties	(219)	–	(60)
Fair value losses in respect of investment properties	(842)	(1,332)	(2,829)
Property trading	(54)	(12)	(89)
Hotels	(57)	(37)	(103)
<b>Total Operating Profit</b>	3,217	2,873	5,180
<b>Share of Post-tax Profit/(Losses) from Joint Venture and Associated Companies</b>	350	524	(292)
<b>Profit Attributable to the Company's Shareholders</b>	1,796	2,223	2,637

(1) Other revenue is mainly estate management fees.

Additional information is provided in the following section to reconcile reported and underlying profit attributable to the Company's shareholders. These reconciling items principally adjust for the fair value movements on investment properties and the associated deferred tax in the Chinese Mainland and the U.S.A., and for other deferred tax provisions in relation to investment properties. In Hong Kong, the Group's investment properties recorded fair value losses of HK\$2,702 million in the first half of 2024. In the Chinese Mainland and the U.S.A., investment properties recorded fair value gains of HK\$1,630 million and HK\$241 million respectively. There are further adjustments to remove the effect of the movement in the fair value of the liability in respect of a put option in favour of the owner of a non-controlling interest and remeasurement gains on interests in joint venture companies which became subsidiary companies after completion of acquisition. Amortisation of right-of-use assets classified as investment properties is charged to underlying profit.

## Review of Operations

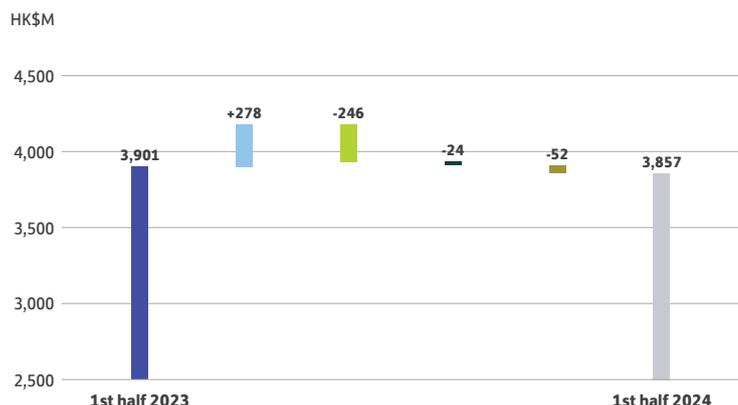
	Note	Six months ended 30th June		Year ended 31st December
		2024 HK\$M	2023 HK\$M	2023 HK\$M
<b>Underlying Profit Reconciliation</b>				
<b>Profit Attributable to the Company's Shareholders per Financial Statements</b>		<b>1,796</b>	2,223	2,637
Adjustments in respect of investment properties:				
Fair value losses in respect of investment properties	(a)	<b>831</b>	1,648	4,392
Deferred tax on investment properties	(b)	<b>660</b>	347	461
Fair value gains realised on sale of interests in investment properties	(c)	<b>527</b>	29	4,398
Depreciation of investment properties occupied by the Group	(d)	<b>10</b>	11	22
Non-controlling interests' share of fair value movements less deferred tax		<b>47</b>	(14)	8
Movement in the fair value of the liability in respect of a put option in favour of the owner of a non-controlling interest	(e)	<b>36</b>	4	39
Remeasurement gains on interests in joint venture companies which became subsidiary companies after completion of acquisition	(f)	<b>–</b>	(306)	(306)
Reversal of impairment loss on a hotel held as part of a mixed-use development	(g)	<b>(11)</b>	–	–
Less amortisation of right-of-use assets reported under investment properties	(h)	<b>(39)</b>	(41)	(81)
<b>Underlying Profit Attributable to the Company's Shareholders</b>		<b>3,857</b>	3,901	11,570
Profit from divestment		<b>(287)</b>	(9)	(4,285)
<b>Recurring Underlying Profit Attributable to the Company's Shareholders</b>		<b>3,570</b>	3,892	7,285

### Notes:

- (a) This represents the fair value movements as shown in the Group's consolidated statement of profit or loss and the Group's share of fair value movements of joint venture and associated companies.
- (b) This represents deferred tax movements on the Group's investment properties, plus the Group's share of deferred tax movements on investment properties held by joint venture and associated companies. These comprise deferred tax on fair value movements on investment properties in the Chinese Mainland and the U.S.A., and deferred tax provisions made in respect of investment properties held for the long term where it is considered that the liability will not reverse for some considerable time. It also includes certain tax adjustments arising from transfers of investment properties within the Group.
- (c) Prior to the implementation of HKAS 40, changes in the fair value of investment properties were recorded in the revaluation reserve rather than the consolidated statement of profit or loss. On sale, fair value gains/(losses) were transferred from the revaluation reserve to the consolidated statement of profit or loss.
- (d) Prior to the implementation of HKAS 40, no depreciation was charged on investment properties occupied by the Group.
- (e) The value of the put option in favour of the owner of a non-controlling interest is calculated principally by reference to the estimated fair value of the portion of the underlying investment property in which the owner of the non-controlling interest is interested.
- (f) The remeasurement gains on interests in joint venture companies were calculated principally by reference to the estimated market value of the underlying properties portfolio of the joint venture companies, netting off with all related cumulative exchange difference.
- (g) Under HKAS 40, hotel properties are stated in the accounts at cost less accumulated depreciation and any provision for impairment losses, rather than at fair value. If HKAS 40 did not apply, wholly-owned and joint venture hotel properties held for the long term as part of mixed-use property developments would be accounted for as investment properties. Accordingly, any increase or decrease in their values would be recorded in the revaluation reserve rather than in the consolidated statement of profit or loss.
- (h) HKFRS 16 amends the definition of investment property under HKAS 40 to include properties held by lessees as right-of-use assets to earn rentals or for capital appreciation or both, and requires the Group to account for such right-of-use assets at their fair value. The amortisation of such right-of-use assets is charged to underlying profit.

## Underlying Profit

### Movement in Underlying Profit



Our reported profit attributable to shareholders in the first half of 2024 was HK\$1,796 million, compared to a profit of HK\$2,223 million in the first half of 2023. There was a fair value loss on investment properties (after deducting non-controlling interests) in the first half of 2024 of HK\$879 million, compared with a fair value loss of HK\$1,635 million in the first half of 2023, principally arising from the Hong Kong office portfolios for both periods.

Underlying profit attributable to shareholders (which principally adjusts for changes in fair value of investment properties) decreased by HK\$44 million from HK\$3,901 million in the first half of 2023 to HK\$3,857 million in the first half of 2024. The decrease principally reflected higher net finance charges (due to higher borrowings) and a reduction in the office rental income, partly offset by the increase in profit from the sale of car parking spaces in Hong Kong.

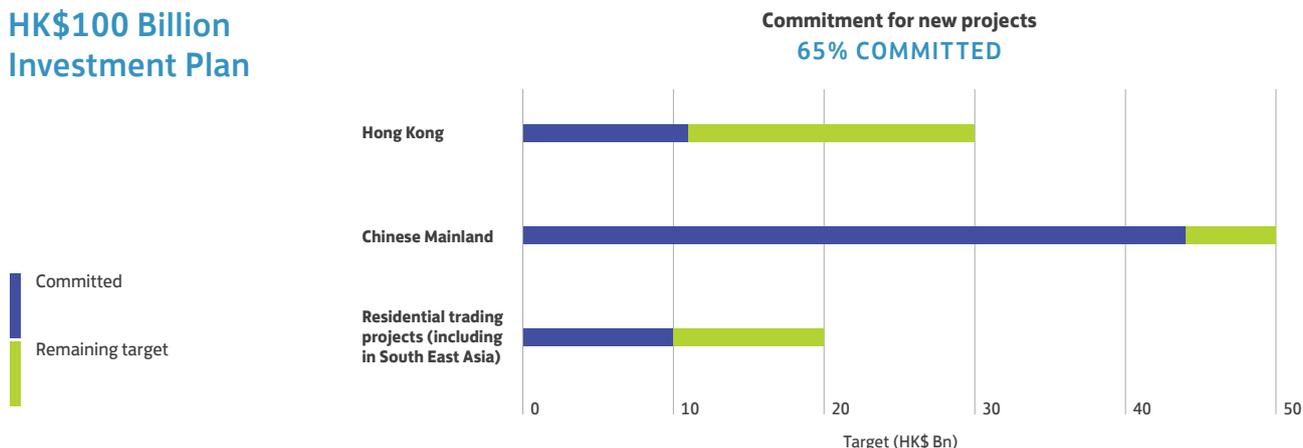
Recurring underlying profit (which excludes the profit from divestment) was HK\$3,570 million in the first half of 2024, compared with HK\$3,892 million in the first half of 2023.

Recurring underlying profit from property investment decreased in the first half of 2024. This principally reflected lower office rental income from Hong Kong (partly due to the loss of revenue arising from the disposal of nine floors of One Island East in December 2023). In Hong Kong, the performance of retail portfolio was soft. Trade mix improvement, marketing campaigns and loyalty programme initiatives were continuously and actively carried out to attract local customers and tourists, to offset the negative impact of outbound travel and the changing tourist spending behaviour. Despite a weak office market (reflecting subdued demand and new supply), the office portfolio in Hong Kong was resilient. In the Chinese Mainland, retail sales dropped in the first half of 2024 (compared with a strong rebound in the first half of 2023 following the lifting of COVID-19 related restrictions) and foot traffic was steady notwithstanding the increase in outbound travel.

The small underlying loss from property trading in the first half of 2024 was primarily a result of sales and marketing expenses incurred for several residential trading projects.

The speed of recovery of hotel businesses in Hong Kong was slower than anticipated, while the performance of the hotels in the Chinese Mainland was relatively stable. Performance of the hotels in the U.S.A. was mixed.

## HK\$100 Billion Investment Plan



## HK\$100 Billion Investment Plan

In March 2022, the Company announced a plan to invest HK\$100 billion over ten years in development projects in Hong Kong and the Chinese Mainland, and in residential trading projects (including in South East Asia). The target allocation is HK\$30 billion to Hong Kong, HK\$50 billion to the Chinese Mainland and HK\$20 billion to residential trading projects (including in South East Asia). At 2nd August 2024, approximately HK\$65 billion of the planned investments had been committed (HK\$11 billion to Hong Kong, HK\$44 billion to the Chinese Mainland and HK\$10 billion to residential trading projects). Major committed projects include the residential developments at Chai Wan Inland Lot No. 178, at 269 Queen’s Road East, at 983-987A King’s Road and 16-94 Pan Hoi Street in Hong Kong, and at Wireless Road in Bangkok, a retail-led mixed-use development in Xi’an, retail-led developments in Sanya and Guangzhou, mixed-use developments in Lujiazui Taikoo Yuan and the New Bund in Shanghai, office and other commercial use developments at 8 Shipyard Lane and at 1067 King’s Road in Hong Kong. Uncommitted projects include further retail-led mixed-use projects in Tier-1 and emerging Tier-1 cities in the Chinese Mainland, including Beijing, with a plan to double our gross floor area in the Chinese Mainland, further expansion at Pacific Place and Taikoo Place in Hong Kong as well as further residential trading projects in Hong Kong, the Chinese Mainland, Miami and South East Asia.

## Key Developments

In February 2024, the Group obtained the occupation permit for Six Pacific Place, it being the newest addition to Pacific Place, an office tower with an aggregate GFA of approximately 223,000 square feet. At 30th June 2024, the office tower was 44% let. Handover of the office floors to tenants is in progress.

As part of a mixed-use development with an approximate GFA of 5.7 million square feet located in Liwan district of Guangzhou, the centre of the Guangzhou-Foshan metropolis circle, the Group is collaborating with the Guangzhou Pearl River Enterprises Group to develop the retail portion (“Julong Wan Project”) of this mixed-use development. The site with a GFA of approximately 352,000 square feet was acquired as of 30th June 2024. The GFA will increase to approximately 1,615,000 square feet, subject to further relevant transaction agreements. Basement works are in progress. The overall development is planned to be completed in phases beginning from the first half of 2027. Prior to the first phase’s completion, exhibitions, events, pop-up shops and activities will be conducted to activate the area starting from late 2025. The Group has a 50% interest in the retail portion of the development.

In June 2024, the Group entered into an equity and debt transfer agreement with the China Life Insurance Company Limited (“China Life”) group and the Sino-Ocean Group Holding Limited (“Sino-Ocean”) group, pursuant to which the Group and the China Life group have conditionally agreed to acquire a 14.895% and a 49.895% equity interest in the project company of INDIGO Phase Two, respectively, from the Sino-Ocean group for a consideration of approximately RMB891 million and RMB2,984 million, respectively. Completion of the acquisitions is subject to the satisfaction of certain conditions precedent. The acquisitions were completed in early August. Following the completion of the acquisitions, the Group’s interest in INDIGO Phase Two has increased from 35% to 49.895% and the China Life group owns a 49.895% interest in INDIGO Phase Two.

In August 2024, Taikoo Hui in Guangzhou successfully bid No. 387 Tianhe Road which is connected to its shopping mall via a public auction. With approximate GFA of 655,000 square feet, No. 387 Tianhe Road will be renovated as a luxury retail addition to Taikoo Hui. The refurbishment is expected to be completed in 2026. The Group has a 97% interest in this property.

## Portfolio Overview

The aggregate gross floor area (“GFA”) attributable to the Group at 30th June 2024 was approximately 39.3 million square feet.

Of the aggregate GFA attributable to the Group, approximately 34.6 million square feet are investment properties and hotels, comprising completed investment properties and hotels of approximately 24.4 million square feet, and investment properties under development or held for future development of approximately 10.2 million square feet. In Hong Kong, the investment property and hotel portfolio comprises approximately 14.2 million square feet attributable to the Group of primarily Grade-A office and retail premises, hotels, serviced apartments and other luxury residential accommodation. In the Chinese Mainland, the Group has interests in eleven major commercial developments in prime locations in Beijing, Guangzhou, Chengdu, Shanghai, Xi’an and Sanya. These developments are expected to comprise approximately 18.3 million square feet of attributable GFA when they are all completed. Of this, 10.4 million square feet has already been completed. Outside of Hong Kong and the Chinese Mainland, the investment property portfolio comprises the Brickell City Centre development in Miami, U.S.A.

The tables below illustrate the GFA (or expected GFA) attributable to the Group of the investment property and hotel portfolio at 30th June 2024.

### Completed Investment Properties and Hotels (GFA attributable to the Group in million square feet)

	Office	Retail	Hotels <sup>(1)</sup>	Residential/ Serviced Apartments	Under Planning	Total
Hong Kong	9.4	2.6	0.8	0.6	–	<b>13.4</b>
Chinese Mainland	2.9	6.2	1.1	0.2	–	<b>10.4</b>
U.S.A.	–	0.3	0.3	–	–	<b>0.6</b>
<b>Total</b>	<b>12.3</b>	<b>9.1</b>	<b>2.2</b>	<b>0.8</b>	<b>–</b>	<b>24.4</b>

**Investment Properties and Hotels Under Development or Held for Future Development  
(expected GFA attributable to the Group in million square feet)**

	Office	Retail	Hotels <sup>(1)</sup>	Residential/ Serviced Apartments	Under Planning	Total
Hong Kong	–	–	–	–	0.8	<b>0.8</b>
Chinese Mainland	1.6	2.5	0.1	–	3.7	<b>7.9</b>
U.S.A.	–	–	–	–	1.5 <sup>(2)</sup>	<b>1.5</b>
<b>Total</b>	<b>1.6</b>	<b>2.5</b>	<b>0.1</b>	<b>–</b>	<b>6.0</b>	<b>10.2</b>

**Total Investment Properties and Hotels  
(GFA (or expected GFA) attributable to the Group in million square feet)**

	Office	Retail	Hotels <sup>(1)</sup>	Residential/ Serviced Apartments	Under Planning	Total
<b>Total</b>	<b>13.9</b>	<b>11.6</b>	<b>2.3</b>	<b>0.8</b>	<b>6.0</b>	<b>34.6</b>

(1) Hotels are accounted for in the financial statements under property, plant and equipment and, where applicable, the leasehold land portion is accounted for under right-of-use assets.

(2) This property is accounted for under properties held for development in the financial statements.

The trading portfolio comprises completed units available for sale at EIGHT STAR STREET in Hong Kong and The River in Vietnam. There are nine residential projects under development, four in Hong Kong, two in the Chinese Mainland, one in Indonesia, one in Vietnam and one in Thailand. There is also a plan to develop a residential project on part of our land banks in Miami, U.S.A.

The table below illustrates the GFA (or expected GFA) attributable to the Group of the trading property portfolio at 30th June 2024.

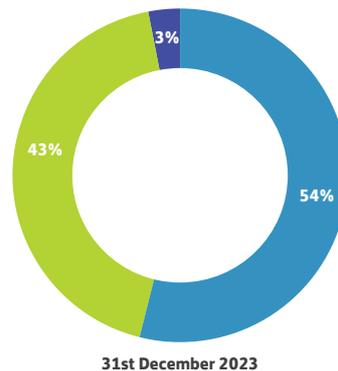
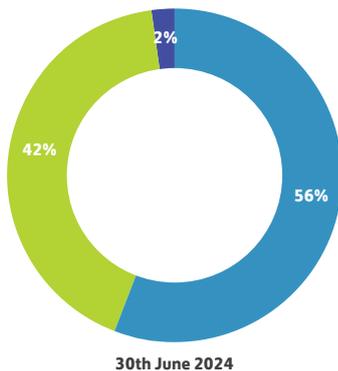
**Trading Properties  
(GFA (or expected GFA) attributable to the Group in million square feet)**

	Completed Development <sup>(1)</sup>	Under Development or Held for Development	Total
Hong Kong	0.0	1.1	<b>1.1</b>
Chinese Mainland	–	0.5	<b>0.5</b>
U.S.A. and elsewhere	0.0	3.1	<b>3.1</b>
<b>Total</b>	<b>0.0</b>	<b>4.7</b>	<b>4.7</b>

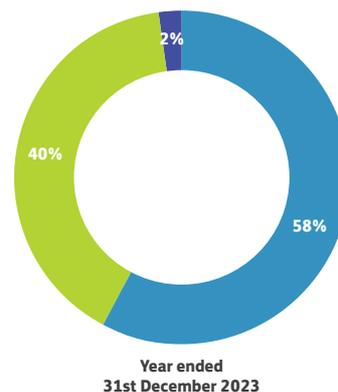
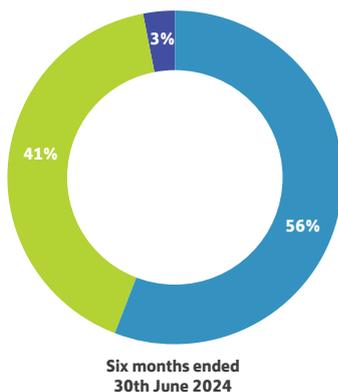
(1) Completed development in Hong Kong comprises EIGHT STAR STREET and completed development in U.S.A. and elsewhere comprises The River in Vietnam.

The charts below show the analysis of the Group's completed investment properties GFA (excluding hotels), gross rental income and net assets employed by region on an attributable basis.

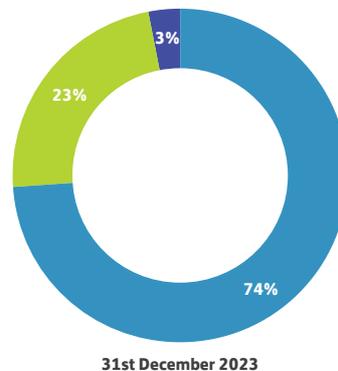
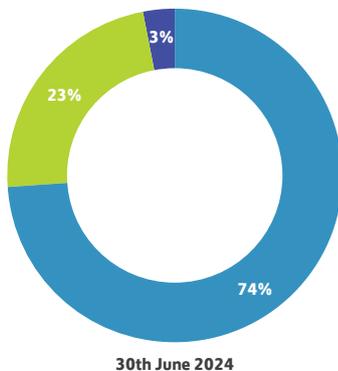
### Completed Investment Properties GFA (excl. Hotels)



### Attributable Gross Rental Income



### Net Assets Employed



## Investment Properties – Hong Kong

### Offices

#### Overview

The completed office portfolio in Hong Kong comprises an aggregate of 10.0 million square feet of space on a 100% basis. Total attributable gross rental income from our office properties in Hong Kong was HK\$2,730 million in the first half of 2024. At 30th June 2024, our office properties, completed and under development, in Hong Kong were valued at HK\$179,182 million. Of this amount, the Group's attributable interest was HK\$170,013 million.

#### Hong Kong Office Portfolio

	GFA (sq. ft.) (100% Basis)	Occupancy (at 30th June 2024)	Attributable Interest
Pacific Place	2,186,433	97%	100%
Taikoo Place – One Island East <sup>(1)</sup> and One Taikoo Place	2,322,772	94%	100%
Taikoo Place – Two Taikoo Place	994,545	62%	100%
Taikoo Place – Other Office Towers <sup>(2)</sup>	3,122,431	92%	50%/100%
Others <sup>(3)</sup>	1,382,061	80%	26.67%/50%/100%
<b>Total</b>	<b>10,008,242</b>		

(1) Excluding the 45th to 54th floors (except for the 49th floor) which have been disposed of.

(2) Including PCCW Tower, of which the Group owns 50%.

(3) Others comprise One Citygate (26.67% owned), Berkshire House (50% owned), SPACES.8QRE (wholly-owned), Five Pacific Place (wholly-owned), Six Pacific Place (wholly-owned) and South Island Place (50% owned).

Gross rental income from the Hong Kong office portfolio in the first half of 2024 was HK\$2,576 million, representing a decrease of 7% from the same period in 2023. Disregarding the revenue loss arising from the disposal of nine floors of One Island East, gross rental income decreased by 4%. With continued new office supplies coming to the market, coupled with weak demand, office rental remained under pressure. Despite these challenges, our office portfolio has remained resilient. Our commitment to enhancing our placemaking attributes, including tenant engagement programmes, amenity provision and ESG initiatives, remains affirmative. At 30th June 2024, the office portfolio was 89% let. The two latest buildings, Two Taikoo Place and Six Pacific Place (which were completed in September 2022 and February 2024, respectively), were 62% and 44% let, respectively. Excluding Two Taikoo Place and Six Pacific Place, the rest of the office portfolio was 93% let.

The chart below shows the mix of tenants of the office properties by the principal nature of their businesses (based on internal classifications) as a percentage of the office area at 30th June 2024.

### Office Area by Tenants' Businesses

(At 30th June 2024)



At 30th June 2024, the top ten office tenants (based on attributable gross rental income in the six months ended 30th June 2024) together occupied approximately 23% of the Group's total attributable office area in Hong Kong.

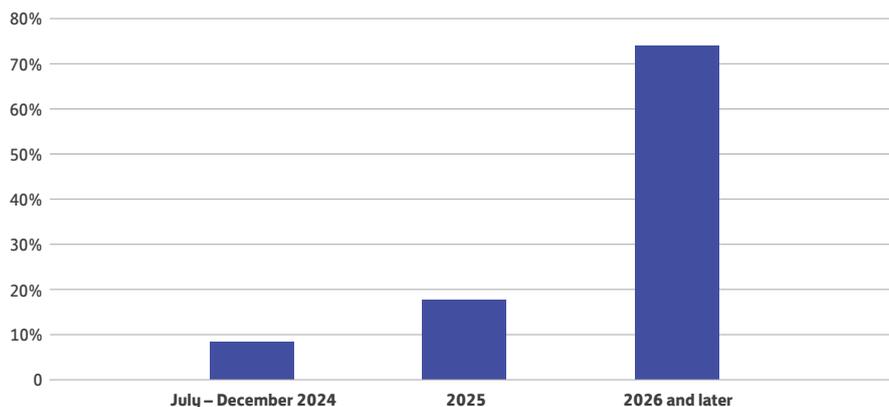
### Hong Kong Office Market Outlook

The office market in Hong Kong is anticipated to remain weak in the second half of 2024, affected by subdued demand and a surplus of office space in the market. Rents will continue to be under pressure. Nevertheless, the prevailing 'flight-to-quality' trend is likely to favour the new office buildings such as Two Taikoo Place and Six Pacific Place, as prospective tenants seek to enhance their office environment, prioritising sustainability and the well-being of their employees as critical office selection criteria. Assuming a positive development in the financial markets and an uptick in economic activities, the demand for Grade-A office space should improve.

The following chart shows the percentage of attributable gross rental income from the office properties in Hong Kong, for the month ended 30th June 2024, derived from leases expiring in the periods with no committed renewals or new lettings. Tenancies accounting for approximately 8.4% of the attributable gross rental income in the month of June 2024 are due to expire in the second half of 2024, with tenancies accounting for a further 17.7% of such rental income due to expire in 2025.

### Office Lease Expiry Profile

(At 30th June 2024)



## Retail

### Overview

The completed retail portfolio in Hong Kong comprises an aggregate of 3.2 million square feet of space on a 100% basis. Total attributable gross rental income from our retail properties in Hong Kong decreased by 3%, to HK\$1,288 million in the first half of 2024. At 30th June 2024, our retail properties in Hong Kong were valued at HK\$53,562 million. Of this amount, the Group's attributable interest was HK\$44,331 million.

The portfolio principally consists of The Mall at Pacific Place, Cityplaza at Taikoo Shing and Citygate Outlets at Tung Chung. The Group wholly owns The Mall and Cityplaza, and has a 26.67% interest in the Citygate development (comprising Citygate Outlets). The malls are managed by the Group.

### Hong Kong Retail Portfolio

	GFA (sq. ft.) (100% Basis)	Occupancy (at 30th June 2024)	Attributable Interest
The Mall, Pacific Place	711,182	100%	100%
Cityplaza	1,096,898	100%	100%
Citygate Outlets	803,582	100%	26.67%
Others <sup>(1)</sup>	549,558	100%	26.67%/60%/100%
<b>Total</b>	<b>3,161,220</b>		

<sup>(1)</sup> Others largely comprise Taikoo Shing neighbourhood shops and StarCrest retail premises (which are wholly-owned), Island Place retail premises (60% owned) and Tung Chung Crescent neighbourhood shops (26.67% owned).

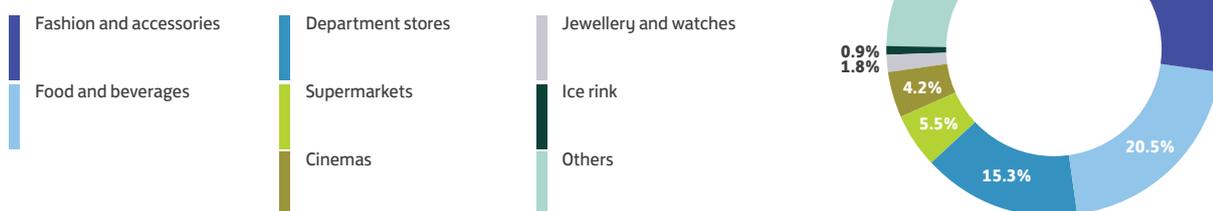
Gross rental income from the retail portfolio in Hong Kong was HK\$1,198 million in the first half of 2024, representing a 3% decrease from the same period in 2023. Intensive marketing activities and activations were launched to attract both local customers and tourists to our malls. However, economic uncertainty, a strong US currency, continuous outbound travel trend, high interest rate environment and the changing tourist spending behaviour continue to adversely affect the retail market. Retail sales decreased by 13%, 4% and 3%, respectively, at The Mall at Pacific Place, Cityplaza, and Citygate Outlets in the first half of 2024. Retail sales in Hong Kong as a whole decreased by 7% in the first half of 2024.

The malls were almost fully let throughout the period.

The chart below shows the mix of the tenants of the retail properties by the principal nature of their businesses (based on internal classifications) as a percentage of the retail area at 30th June 2024.

## Retail Area by Tenants' Businesses

(At 30th June 2024)



At 30th June 2024, the top ten retail tenants (based on attributable gross rental income in the six months ended 30th June 2024) together occupied approximately 26% of the Group's total attributable retail area in Hong Kong.

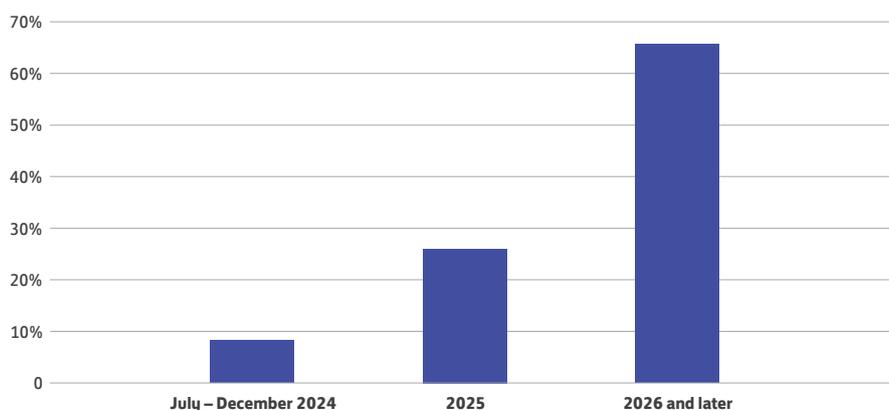
### Hong Kong Retail Market Outlook

It is expected that footfall and tenants' sales in Hong Kong will continue to face a number of challenges particularly from the outbound travel and the changing tourist spending pattern. With our continuous trade mix refinement, strong marketing campaigns, loyalty programme initiatives and world-class events organised by the HKSAR Government, it is anticipated that the sales performance of our malls will remain resilient.

The following chart shows the percentage of attributable gross rental income from the retail properties in Hong Kong, for the month ended 30th June 2024, derived from leases expiring in the periods with no committed renewals or new lettings. Tenancies accounting for approximately 8.3% of the attributable gross rental income in the month of June 2024 are due to expire in the second half of 2024, with tenancies accounting for a further 26.0% of such rental income due to expire in 2025.

## Retail Lease Expiry Profile

(At 30th June 2024)



## Residential

The completed residential portfolio comprises Pacific Place Apartments at Pacific Place, EAST Residences in Quarry Bay, STAR STUDIOS in Wan Chai and a number of luxury houses on Hong Kong Island and Lantau Island, with an aggregate GFA of approximately 0.6 million square feet. The residential portfolio was approximately 76% let at 30th June 2024. Increase in demand for our residential investment properties was predominantly driven by residents coming from the Chinese Mainland and overseas.

## Investment Properties Under Development

### **Wah Ha Factory Building, 8 Shipyard Lane and Zung Fu Industrial Building, 1067 King's Road**

In 2018, the Group submitted compulsory sale applications in respect of these two sites in Quarry Bay. The Group obtained full ownership of Zung Fu Industrial Building and Wah Ha Factory Building in March 2022 and July 2023, respectively. The two sites are intended to be redeveloped for office and other commercial uses with an aggregate GFA of approximately 779,000 square feet.

## Others

### **9-39 Hoi Wan Street and 33-41 Tong Chong Street**

In June 2022, the Group submitted a compulsory sale application in respect of this site in Quarry Bay. The gross site area is approximately 20,060 square feet. Proceeding with the development (the planning of which is being reviewed) is subject to the Group having successfully bid in the compulsory sale.

## Taikoo Shing Car Parking Spaces

Since November 2020, the Group has offered 2,530 car parking spaces in the Taikoo Shing residential development in Hong Kong for sale. 2,528 of these car parking spaces had been sold at 2nd August 2024. Sales of 2,523 car parking spaces had been recognised at 30th June 2024, 377 of them in the first half of 2024. Sales of 5 car parking spaces are expected to be recognised in the second half of 2024.

## One Island East, 18 Westlands Road

In November 2023, the Group entered into agreements for the sale of twelve office floors (42nd to 54th floors excluding the 49th floor) at One Island East in Quarry Bay to the Securities and Futures Commission ("SFC"). The completion of the sale of the nine floors (45th to 54th floors excluding the 49th floor) currently occupied by SFC took effect in December 2023. The completion for the 43rd floor will take place not earlier than 31st December 2025 and not later than 31st December 2026 while the completion for the 44th floor will take place not earlier than 31st December 2026 and not later than 31st December 2027, and the completion for the 42nd floor will take place not earlier than 31st December 2027 and not later than 31st December 2028. The total GFA of the twelve floors is approximately 300,000 square feet.

## Investment Properties – Chinese Mainland

### Overview

The property portfolio in the Chinese Mainland comprises an aggregate of 30.9 million square feet of space, 18.3 million square feet of which is attributable to the Group. Completed properties amount to 14.0 million square feet, with 16.9 million square feet under development. Total attributable gross rental income from investment properties in the Chinese Mainland was HK\$3,081 million in the first half of 2024. At 30th June 2024, the investment properties in the Chinese Mainland were valued at HK\$133,251 million. Of this amount, the Group's attributable interest was HK\$88,838 million.

### Chinese Mainland Property Portfolio <sup>(1)</sup>

	GFA (sq. ft.) (100% Basis)				Attributable Interest
	Total	Investment Properties	Hotels	Under Planning	
<i>Completed</i>					
Taikoo Li Sanlitun, Beijing <sup>(2)</sup>	1,622,846	1,622,846	–	–	100%
Taikoo Li Chengdu	1,654,565	1,461,428	193,137	–	100%
Taikoo Hui, Guangzhou	3,782,327	3,272,893	509,434	–	97%
INDIGO, Beijing	1,894,141	1,535,840	358,301	–	50%
HKRI Taikoo Hui, Shanghai	3,731,964	3,155,381	576,583	–	50%
Taikoo Li Qiantan, Shanghai	1,188,727	1,188,727	–	–	50%
Hui Fang, Guangzhou	90,847	90,847	–	–	100%
Others	2,917	2,917	–	–	100%
<b>Sub-Total</b>	<b>13,968,334</b>	<b>12,330,879</b>	<b>1,637,455</b>	<b>–</b>	
<i>Under Development</i>					
Taikoo Li Sanlitun, Beijing <sup>(2)</sup>	169,463	169,463	–	–	100%
INDIGO Phase Two, Beijing <sup>(3)</sup>	4,045,514	3,698,711	346,803	–	35%
Taikoo Li Xi'an <sup>(4)</sup>	2,936,376	–	–	2,936,376	70%
Taikoo Li Sanya <sup>(5)</sup>	2,294,474	2,294,474	–	–	50%
Shanghai New Bund Mixed-use Project <sup>(6)</sup>	2,943,782	2,943,782	–	–	40%
Lujiazui Taikoo Yuan (formerly known as Shanghai Yangjing Mixed-use Project), Shanghai <sup>(7)</sup>	4,181,136	–	–	4,181,136	40%
Julong Wan Project, Guangzhou <sup>(8)</sup>	351,746	351,746	–	–	50%
<b>Sub-Total</b>	<b>16,922,491</b>	<b>9,458,176</b>	<b>346,803</b>	<b>7,117,512</b>	
<b>Total</b>	<b>30,890,825</b>	<b>21,789,055</b>	<b>1,984,258</b>	<b>7,117,512</b>	

(1) Including hotels and properties leased for investment.

(2) The Opposite House hotel was closed in June 2024 and will be redeveloped for retail use.

(3) This is an office-led mixed-use development. The development is planned to be completed in two phases, in 2025 and 2026.

(4) This is a retail-led mixed-use development. The development scheme is being planned. The development is planned to be completed in phases from 2026.

(5) This is a retail-led development. The development is planned to be completed in phases from late 2025. Project name has yet to be confirmed.

(6) This is a mixed-use development. The development is planned to be completed from 2025.

(7) This is a mixed-use development including residential portion for trading. The development scheme is being planned. The development is planned to be completed in phases from 2027.

(8) This is the retail portion of a mixed-use development in Liwan district of Guangzhou. GFA as shown above represented the sites acquired as of 30th June 2024. The GFA will increase to approximately 1,615,000 square feet, subject to further relevant transaction agreements. The Group has a 50% interest in the retail portion of the development. The development scheme is being planned. The overall development is planned to be completed in phases from the first half of 2027.

Gross rental income from the Group's investment property portfolio in the Chinese Mainland was HK\$2,445 million in the first half of 2024, 9% higher than in the same period in 2023, reflecting the improvement to tenant mix in the cities where our malls operate and share of incremental rental income arising from the acquisitions of additional interests in Taikoo Li Chengdu during 2023, partly offset by lower turnover rents in the first half of 2024.

## Retail

The completed retail portfolio in the Chinese Mainland comprises an aggregate of 7.8 million square feet of space, 6.2 million square feet of which is attributable to the Group. Total attributable gross rental income from our retail properties in the Chinese Mainland increased by 1%, to HK\$2,615 million, in the first half of 2024. Disregarding changes in the value of the Renminbi, total attributable gross rental income increased by 5%. At 30th June 2024, our completed retail properties in the Chinese Mainland were valued at HK\$67,701 million. Of this amount, the Group's attributable interest was HK\$56,995 million.

The portfolio consists of Taikoo Li Sanlitun in Beijing, Taikoo Li Chengdu and Hui Fang in Guangzhou, which are wholly-owned by the Group, Taikoo Hui in Guangzhou, which is 97% owned, INDIGO in Beijing, HKRI Taikoo Hui and Taikoo Li Qiantan in Shanghai, each of which is 50% owned.

### Chinese Mainland Completed Retail Portfolio

	GFA (sq. ft.) (100% Basis)	Occupancy (at 30th June 2024)	Attributable Interest
Taikoo Li Sanlitun, Beijing	1,622,846	99%	100%
Taikoo Li Chengdu	1,354,624	98%	100%
Taikoo Hui, Guangzhou	1,529,392	100%	97%
INDIGO, Beijing	946,769	97%	50%
HKRI Taikoo Hui, Shanghai <sup>(1)</sup>	1,107,220	92%	50%
Taikoo Li Qiantan, Shanghai	1,188,727	99%	50%
Hui Fang, Guangzhou	90,847	100%	100%
<b>Total</b>	<b>7,840,425</b>		

(1) Including spaces allocated to prospective tenants who have signed letters of intent.

In the Chinese Mainland, record-high retail sales were achieved in the first half of 2023, following the lifting of COVID-19 related restrictions. However, due to an increase in outbound travel (reflecting the visa-free policy offered by various countries to the Chinese Mainland and the depreciation in certain foreign currencies, in particular, the Japanese Yen), disruption caused by alternation and renovation works in some malls, and the high base effect in 2023, retail sales in the Chinese Mainland dropped in the first half of 2024. Foot traffic was steady. Structural and reconfiguration works in Taikoo Li Sanlitun North in Beijing and HKRI Taikoo Hui in Shanghai for tenant mix enhancement are in progress. Our retail sales (excluding sales by vehicle retailers) on an attributable basis in the Chinese Mainland decreased by 7% in the first half of 2024 but was 69% higher than the

same period in 2019 (pre-COVID-19). Retail sales at Taikoo Li Sanlitun in Beijing, Taikoo Li Chengdu, Taikoo Hui in Guangzhou, INDIGO in Beijing and HKRI Taikoo Hui in Shanghai decreased by 4%, 17%, 9%, 4% and 20%, respectively, while Taikoo Li Qiantan in Shanghai remained unchanged in the first half of 2024 as compared with the same period in 2023. By comparing the first half of 2024 with the same period in 2019, Taikoo Li Sanlitun, Taikoo Li Chengdu, Taikoo Hui and INDIGO increased by 4%, 31%, 91% and 1%, respectively, and HKRI Taikoo Hui had a decrease of 14% due to the disruption caused by the major structural and reconfiguration works while Taikoo Li Qiantan had not yet commenced business in 2019. Retail sales in the Chinese Mainland market as a whole increased by 4% in the first half of 2024.

The Group's gross rental income from retail properties in the Chinese Mainland increased by 10%, to HK\$2,238 million, in the first half of 2024. Disregarding the impact arising from the incremental shareholding acquired at Taikoo Li Chengdu in February 2023 and changes in the value of the Renminbi, gross rental income increased by 2%.

The chart below shows the mix of the tenants of the retail properties by the principal nature of their businesses (based on internal classifications) as a percentage of the retail area at 30th June 2024.

## Retail Area by Tenants' Businesses

(At 30th June 2024)



At 30th June 2024, the top ten retail tenants (based on attributable gross rental income in the six months ended 30th June 2024) together occupied approximately 23% of the Group's total attributable retail area in the Chinese Mainland.

Gross rental income at Taikoo Li Sanlitun in Beijing increased by 9% in the first half of 2024, reflecting strong footfall in Taikoo Li Sanlitun South and West benefitting from the successful upgrade of brand positioning and the newly opened flagship stores, as well as the reopening of Workers' Stadium and the opening of metro line nearby. To enhance the leading luxury positioning in the Beijing market, structural and reconfiguration works to facilitate the tenant mix improvement at Taikoo Li Sanlitun North are in progress. Retail sales decreased by 4% as a result. The development was 99% let at 30th June 2024.

Disregarding the impact arising from the incremental shareholding acquired at Taikoo Li Chengdu in February 2023, retail sales and gross rental income decreased by 17% and increased by 1%, respectively in the first half of 2024, reflecting disruption caused by the reconfiguration works to facilitate tenant mix upgrade. The development was 98% let at 30th June 2024.

Retail sales and gross rental income at Taikoo Hui in Guangzhou decreased by 9% and 8%, respectively in the first half of 2024 as compared with the first half of 2023, reflecting the increased outbound travel. There were improvements in the tenant mix. The mall was 100% let at 30th June 2024.

Retail sales and gross rental income at INDIGO in Beijing decreased by 4% and 3%, respectively in the first half of 2024. The mall was 97% let at 30th June 2024.

Retail sales and gross rental income at HKRI Taikoo Hui in Shanghai decreased by 20% and 24%, respectively in the first half of 2024, reflecting disruption caused by the major structural and reconfiguration works to cater for tenant mix improvement. The mall was 92% let at 30th June 2024 including spaces allocated to prospective tenants who have signed letters of intent.

Retail sales at Taikoo Li Qiantan in Shanghai remained unchanged in the first half of 2024 while gross rental income increased steadily by 10%, reflecting higher occupancy. At 30th June 2024, tenants had committed to take 99% of the retail space, with 96% of the lettable retail space having opened.

### Chinese Mainland Retail Market Outlook

2024 is expected to be a year of normalisation, with retailers taking a more prudent approach while maintaining a positive outlook in the medium to long term. Retailers are expected to focus on offering exclusive content and customer engagement, and highlighting the importance of the unique positioning, brand mix and quality services across our portfolios. Inbound and outbound travels are anticipated to increase and a recalibration between onshore and offshore

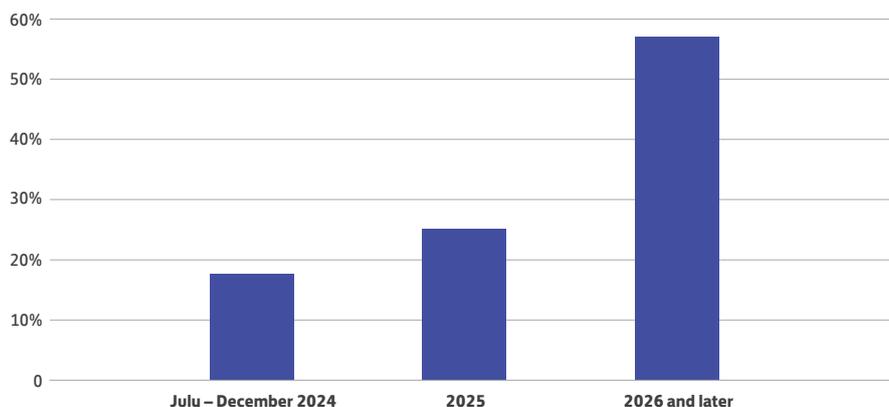
spending behaviour from customers (as compared to pre-COVID-19 pattern) is expected. However, in the long term, it is expected that onshore spending will still account for the majority of the total retail business in the Chinese Mainland.

The overall demand for retail space is expected to be stable with retailers taking a relatively more prudent expansion approach in the second half of 2024. It is expected that the demand for retail space from retailers of luxury brands will remain strong in Guangzhou and Chengdu. In Shanghai and Beijing, demand for retail space from fashion, sports, cosmetics, lifestyle brands and food and beverage operators is expected to be solid.

The following chart shows the percentage of attributable gross rental income from the retail properties in the Chinese Mainland, for the month ended 30th June 2024, derived from leases expiring in the periods with no committed renewals or new lettings. Tenancies accounting for approximately 17.7% of the attributable gross rental income in the month of June 2024 are due to expire in the second half of 2024, with tenancies accounting for a further 25.2% of such rental income due to expire in 2025.

### Retail Lease Expiry Profile

(At 30th June 2024)



## Offices

The completed office portfolio in the Chinese Mainland comprises an aggregate of 4.2 million square feet of space, 2.9 million square feet of which is attributable to the Group. Total attributable gross rental income from our office properties in the Chinese Mainland decreased slightly to HK\$426 million in the first half of 2024. Disregarding changes in the value of the Renminbi, total attributable gross rental income increased by 4%. At 30th June 2024, our completed office properties in the Chinese Mainland were valued at HK\$20,099 million. Of this amount, the Group's attributable interest was HK\$12,517 million.

The portfolio comprises Taikoo Hui in Guangzhou, which is 97% owned, and INDIGO in Beijing and HKRI Taikoo Hui in Shanghai, each of which is 50% owned.

### Chinese Mainland Completed Office Portfolio

	GFA (sq. ft.) (100% Basis)	Occupancy (at 30th June 2024)	Attributable Interest
Taikoo Hui, Guangzhou	1,693,125	91%	97%
INDIGO, Beijing	589,071	84%	50%
HKRI Taikoo Hui, Shanghai	1,900,838	96%	50%
<b>Total</b>	<b>4,183,034</b>		

Demand for office space in Beijing, Shanghai and Guangzhou remained weak amid economic uncertainty and a cautious approach on lease arrangement was taken by tenants. In Guangzhou, new supply continued to put pressure on office rents. In Shanghai, new supply and low net absorption of office space put pressure on rents in both core and decentralised areas. In Beijing, demand was weak putting downward pressure on rents, although new supply in core areas was limited.

The Group's gross rental income from office properties in the Chinese Mainland increased by 6% to HK\$189 million in the first half of 2024. Disregarding changes in the value of the Renminbi, gross rental income increased by 9%.

The chart below shows the mix of the tenants of the office properties by the principal nature of their businesses (based on internal classifications) as a percentage of the office area at 30th June 2024.

### Office Area by Tenants' Businesses

(At 30th June 2024)



At 30th June 2024, the top ten office tenants (based on attributable gross rental income in the six months ended 30th June 2024) together occupied approximately 44% of the Group's total attributable office area in the Chinese Mainland.

The office towers of Taikoo Hui in Guangzhou, ONE INDIGO in Beijing and the office towers of HKRI Taikoo Hui in Shanghai were 91%, 84% and 96% let, respectively, at 30th June 2024.

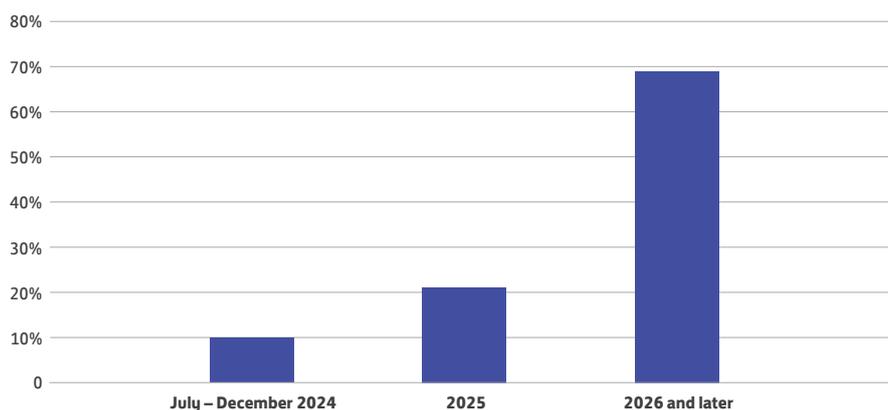
### Chinese Mainland Office Market Outlook

In Guangzhou, aggressive leasing strategies adopted by landlords combined with significant new office supply in decentralised areas are expected to put further downward pressure on rents. In Beijing, despite there being limited new supply in core areas, rents are expected to be under pressure given weak demand. However, quality buildings with good credentials are expected to be well-positioned for a recovery once demand improves. In Shanghai, new supply and existing vacant stock is expected to exert downward pressure on office rents. Overall, all cities continue to experience negative market sentiment due to economic uncertainties which are causing tenants to remain cautious. Office rents are expected to decline in the second half of 2024 and have yet to bottom out.

The following chart shows the percentage of attributable gross rental income from the office properties in the Chinese Mainland, for the month ended 30th June 2024, derived from leases expiring in the periods with no committed renewals or new lettings. Tenancies accounting for approximately 9.9% of the attributable gross rental income in the month of June 2024 are due to expire in the second half of 2024, with tenancies accounting for a further 21.1% of such rental income due to expire in 2025.

## Office Lease Expiry Profile

(At 30th June 2024)



### Serviced Apartments

There are 24 serviced apartments at the Mandarin Oriental in Taikoo Hui Guangzhou, 42 serviced apartments at The Temple House in Taikoo Li Chengdu and 102 serviced apartments at The Middle House Residences in HKRI Taikoo Hui Shanghai.

The performance of the serviced apartments in the first half of 2024 was mixed. Occupancy at the Mandarin Oriental in Guangzhou, The Temple House in Chengdu and The Middle House Residences in Shanghai was 88%, 56% and 76% respectively at 30th June 2024.

### Chinese Mainland Serviced Apartments Market Outlook

The performance of the serviced apartments is expected to remain stable in the second half of 2024.

### Investment Properties Under Development

#### INDIGO Phase Two, Beijing

INDIGO Phase Two is an extension of the existing INDIGO development, with a GFA of approximately 4 million square feet. It will be an office-led mixed-use development and is planned to be completed in two phases, in 2025 and 2026. Basement and superstructure works are in progress. The Group has a 35% interest in INDIGO Phase Two as at 30th June 2024.

In June 2024, the Group entered into an equity and debt transfer agreement with the China Life group and the Sino-Ocean group, pursuant to which the Group and the China Life group have conditionally agreed to acquire a 14.895% and a 49.895% equity interest in the project company of INDIGO Phase Two, respectively, from the Sino-Ocean group. Completion of the acquisitions is subject to the satisfaction of certain conditions precedent. The acquisitions were completed in early August. Following the completion of the acquisitions, the Group's interest in INDIGO Phase Two has increased from 35% to 49.895% and the China Life group owns a 49.895% interest in INDIGO Phase Two.

### Taikoo Li Xi'an

Taikoo Li Xi'an is located at the Small Wild Goose Pagoda historical and cultural zone in the Beilin district of Xi'an and is expected to be developed as a retail-led mixed-use development comprising retail and cultural facilities, a hotel and serviced residences. The estimated GFA is approximately 2.9 million square feet and is subject to finalisation of the development scheme. Excavation and piling works are in progress. The project is expected to be completed in phases from 2026. The development is being conducted in collaboration with Xi'an Cheng Huan Cultural Investment and Development Co., Ltd. The Group has a 70% interest in Taikoo Li Xi'an.

### Taikoo Li Sanya

Strategically located in the heart of Haitang Bay National Coastal Recreation Park in Sanya, the development is our first-ever resort-style premium retail development including underground parking and other ancillary facilities, with a GFA of approximately 2.3 million square feet. In collaboration with China Tourism Group Duty Free Corporation Limited, the development will constitute Phase III of the Sanya International Duty-Free Complex. Basement and ground floor works are in progress. The development is expected to be completed in phases from late 2025. The Group has a 50% interest in this development.

### Shanghai New Bund Mixed-use Project

The New Bund Mixed-use Project is situated within Shanghai's middle-ring road and spans a site area of approximately 686,000 square feet. Located at the intersection of three Shanghai metro lines, the site is adjacent to Taikoo Li Qiantan, our first joint venture development with the Lujiazui Group. It is a mixed-use development comprising retail, office and residential components, with an approximate GFA of 4.1 million square feet (including retail floor area below ground). Office and residential towers have been topped out and façade works are in progress. Basement and retail

construction works are also in progress. The development is expected to be completed from 2025. Around 88% of the total saleable area of the residential towers was pre-sold at 30th June 2024. The Group has a 40% interest in this development.

### Lujiazui Taikoo Yuan (formerly known as Shanghai Yangjing Mixed-use Project), Shanghai

Jointly developed with the Lujiazui Group, Lujiazui Taikoo Yuan, situated along the Huangpu River and within the inner-ring road in Pudong district of Shanghai, will be developed into a mixed-use landmark comprising premium residential properties, retail, office and cultural facilities, and a hotel and serviced apartments as well. The estimated GFA is approximately 4.2 million square feet (including retail floor area below ground and residential portion for trading), subject to relevant plan approval. Basement construction and superstructure works are in progress. The development is expected to be completed in phases from 2027. The pre-sale of the first batch of the residential units is planned in late 2024. The Group has a 40% interest in this development.

### Julong Wan Project, Guangzhou

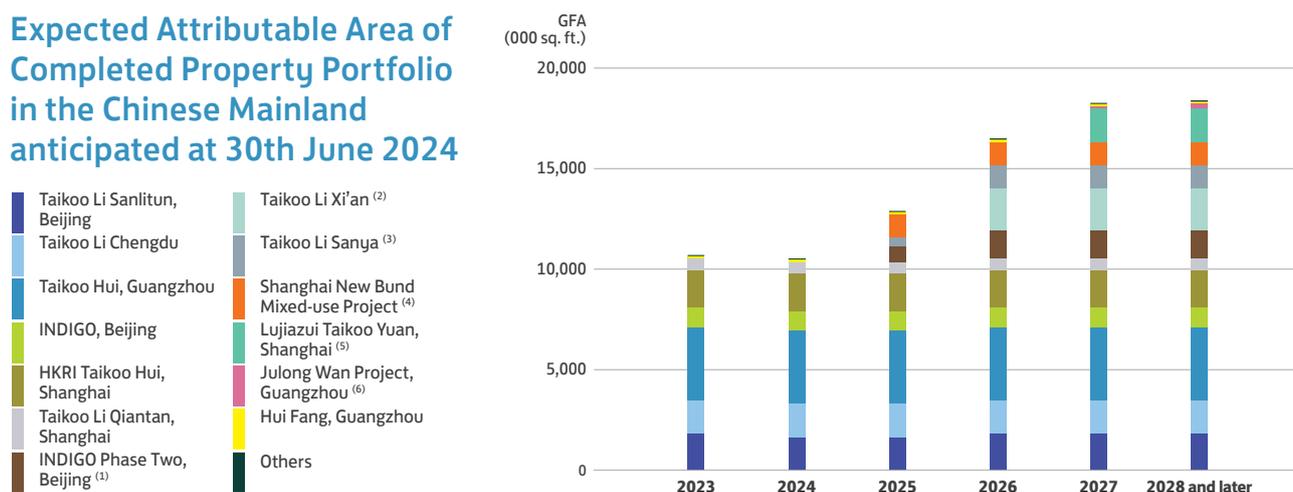
As part of a mixed-use development with an approximate GFA of 5.7 million square feet located in Liwan district of Guangzhou, the centre of the Guangzhou-Foshan metropolis circle, the Group is collaborating with the Guangzhou Pearl River Enterprises Group to develop the retail portion of this mixed-use development. The site with a GFA of approximately 352,000 square feet was acquired as of 30th June 2024. The GFA will increase to approximately 1,615,000 square feet, subject to further relevant transaction agreements. Basement works are in progress. The overall development is planned to be completed in phases beginning from the first half of 2027. Prior to the first phase's completion, exhibitions, events, pop-up shops and activities will be conducted to activate the area starting from late 2025. The Group has a 50% interest in the retail portion of the development.

## No. 387 Tianhe Road, Guangzhou

In August 2024, Taikoo Hui in Guangzhou successfully bid No. 387 Tianhe Road which is connected to its shopping mall via a public auction. With approximate GFA of 655,000 square feet, No. 387 Tianhe Road will be renovated as a luxury retail addition to Taikoo Hui. The refurbishment is expected to be completed in 2026. The Group has a 97% interest in this property.

The chart below illustrates the expected attributable area of the completed property portfolio in the Chinese Mainland anticipated at 30th June 2024.

## Expected Attributable Area of Completed Property Portfolio in the Chinese Mainland anticipated at 30th June 2024



<sup>(1)</sup> The development is expected to complete in phases in 2025 and 2026.

<sup>(2)</sup> The development is expected to complete in phases from 2026.

<sup>(3)</sup> The development is expected to complete in phases from late 2025. Project name has yet to be confirmed.

<sup>(4)</sup> The development is expected to complete from 2025.

<sup>(5)</sup> The development is expected to complete in phases from 2027.

<sup>(6)</sup> The development is expected to complete in phases from the first half of 2027. GFA as shown above represented the sites acquired as of 30th June 2024. The GFA will increase to approximately 1,615,000 square feet, subject to further relevant transaction agreements.

## Others

### ZHANGYUAN, Shanghai

In 2021, the Group formed a joint venture management company with Shanghai Jing'an Real Estate (Group) Co., Ltd. This company, in which the Group has a 60% interest, is engaged in the revitalisation and management of the ZHANGYUAN shikumen compound in the Jing'an district of Shanghai. When the revitalisation is completed, the compound will have a GFA (including car parking spaces)

of 673,871 square feet above ground and 956,949 square feet underground. There are over 40 shikumen blocks, with about 170 two or three-storey houses. There are connections to three metro lines and to HKRI Taikoo Hui. The first phase (the West zone) was completed and opened in November 2022. Construction and renovation works for the second phase (the East zone) are in progress. The second phase is planned to be completed and opened in late 2026. The Group does not have an ownership interest in the compound.

## Investment Properties – U.S.A.

### Overview

#### Brickell City Centre, Miami

Brickell City Centre is an urban mixed-use development in the Brickell financial district of Miami, U.S.A. It has a site area of 504,017 square feet (approximately 11.6 acres).

The first phase of the Brickell City Centre development comprises a shopping centre, two office towers (Two and Three Brickell City Centre, which were sold in 2020), a hotel with serviced apartments (EAST Miami, which was sold in 2021) managed by Swire Hotels and two

residential towers (Reach and Rise) developed for sale. All the residential units at Reach and Rise have been sold.

The Group owns 62.93% of the shopping centre at the Brickell City Centre development. The remaining interest in the shopping centre is owned by Simon Property Group (25%) and Bal Harbour Shops (12.07%). Bal Harbour Shops has an option, which has been exercisable since February 2020, to sell its interest to the Group.

The shopping centre was 100% leased (including by way of letters of intent) at 30th June 2024. Retail sales in the first half of 2024 increased by 4% compared to the same period in 2023. The contributions from parking and digital advertising also increased.

#### Brickell City Centre, Miami

	GFA (sq. ft.) <sup>(1)</sup> (100% Basis)	Attributable Interest
<i>Completed</i>		
Shopping centre	496,508	62.9%
<i>Held for Development or Sale</i>		
Brickell City Centre land	1,510,000	100%
<b>Total</b>	<b>2,006,508</b>	

(1) Represents leasable/saleable area except for the car parking spaces, roof top and circulation areas.

As part of our active capital recycling strategy, we will continue to explore divestment opportunities in the U.S.A.

#### Miami Market Outlook

In Miami, retail sales at the Brickell City Centre mall are expected to continue to benefit from an improving tenant mix and population growth in central Miami.

## Valuation of Investment Properties

The portfolio of investment properties was valued at 30th June 2024 on the basis of market value (96% by value having been valued by Cushman & Wakefield Limited and 2% by value having been valued by another independent valuer). The amount of this valuation was HK\$280,228 million, compared to HK\$281,271 million at 31st December 2023.

The decrease in the valuation of the investment property portfolio primarily reflected a decrease in the fair value of the office investment properties in Hong Kong and foreign exchange translation losses in respect of the investment properties in the Chinese Mainland, partly offset by the additions in the first half of 2024 and an increase in the fair value of certain existing retail investment properties in the Chinese Mainland (reflecting a reduction of 25 basis points in the capitalisation rates).

Under HKAS 40, hotel properties are not accounted for as investment properties. The hotel buildings are included within property, plant and equipment. The leasehold land is included within right-of-use assets. Both are recorded at cost less accumulated depreciation or amortisation and any provision for impairment.

## Property Trading

### Overview

The trading portfolio comprises completed units available for sale at EIGHT STAR STREET in Hong Kong and The River in Vietnam. There are nine residential projects under development, four in Hong Kong, two in the Chinese Mainland, one in Indonesia, one in Vietnam and one in Thailand. There is also a plan to develop a residential project on part of our land banks in Miami, U.S.A.

### Property Trading Portfolio (At 30th June 2024)

	GFA (sq. ft.) (100% Basis)	Actual/Expected Construction Completion Date	Attributable Interest
<u>Completed</u>			
Hong Kong			
– EIGHT STAR STREET, Wan Chai	2,178 <sup>(1)</sup>	2022	100%
Vietnam			
– The River, Ho Chi Minh City	9,114 <sup>(1)</sup>	2022	20%
<u>Under Development</u>			
Hong Kong			
– LA MONTAGNE, Wong Chuk Hang	638,305	2024	25%
– Chai Wan Inland Lot No. 178	692,276 <sup>(2)</sup>	from 2025	80%
– 269 Queen’s Road East, Wan Chai	102,984 <sup>(3)</sup>	2026	100%
– 983-987A King’s Road and 16-94 Pan Hoi Street, Quarry Bay	440,000 <sup>(4)</sup>	2028	50%
Chinese Mainland			
– Shanghai New Bund Mixed-use Project	1,159,057 <sup>(5)</sup>	from 2025	40%
– Lujiazui Taikoo Yuan, Shanghai	to be determined	under planning	40%
Indonesia			
– Savyavasa, South Jakarta	1,122,728	2024	50%
Vietnam			
– Empire City, Ho Chi Minh City	5,357,318	2029	15.73%
Thailand			
– Wireless Road, Bangkok	1,631,507 <sup>(4)</sup>	2029	40%
<u>Held for Development or sale</u>			
U.S.A.			
– South Brickell Key, Miami, Florida	550,000	under planning	100%
– Brickell City Centre, Miami, Florida – North Squared site	523,000 <sup>(6)</sup>	n.a.	100%

(1) Remaining saleable area.

(2) Excluding a retail shop of approximately 2,002 sq. ft.

(3) Excluding a retail podium of approximately 13,197 sq. ft.

(4) Total GFA subject to change.

(5) Residential GFA only.

(6) Represents saleable area.

## Hong Kong

### **EIGHT STAR STREET, Wan Chai**

EIGHT STAR STREET at 8 Star Street, Wan Chai is a residential building (with retail outlets on the lowest two levels) of approximately 34,000 square feet. The occupation permit was obtained in May 2022. 35 out of 37 units had been sold at 2nd August 2024. Sales of 35 units had been recognised at 30th June 2024, 2 of them in the first half of 2024.

### **LA MONTAGNE, Wong Chuk Hang**

A joint venture formed by the Group, Kerry Properties Limited and Sino Land Company Limited is undertaking a residential development in Wong Chuk Hang in Hong Kong. This development will comprise two residential towers (Phases 4A and 4B) with an aggregate GFA of approximately 638,000 square feet and 800 residential units. Interior fit-out works are in progress. Pre-sales of Phase 4A started in July 2023. 56 out of 432 units had been pre-sold at 2nd August 2024. Sales of these units are expected to be recognised in 2025. The development is expected to be completed and handed over to the purchasers in 2024 and 2025 respectively. The Group has a 25% interest in the joint venture.

### **Chai Wan Inland Lot No. 178**

In 2021, a project company held as to 80% by the Group and as to 20% by China Motor Bus Company, Limited completed a land exchange with the HKSAR Government in respect of a plot of land in Chai Wan. The plot of land is being redeveloped into a residential complex (with retail outlet) with an aggregate GFA of approximately 694,000 square feet. Superstructure works are in progress at both Phase 1 and Phase 2 sites. The development is expected to be completed from 2025.

### **269 Queen's Road East, Wan Chai**

In June 2022, the Group acquired (via a government land tender) a plot of land at 269 Queen's Road East in Wan Chai. The plot of land will be developed primarily for residential use with an aggregate GFA of approximately 116,000 square feet. Foundation works are in progress. The development is under design stage and expected to be completed in 2026.

### **983-987A King's Road and 16-94 Pan Hoi Street, Quarry Bay**

In 2018, a joint venture company in which the Group holds a 50% interest submitted a compulsory sale application in respect of this site in Quarry Bay. In October 2023, the joint venture company obtained full ownership of the sites. Hoarding and demolition works commenced in May 2024. In accordance with applicable town planning controls, it is expected that the site can be redeveloped for residential and retail uses with a GFA of approximately 440,000 square feet. The development is expected to be completed in 2028.

### **Hong Kong Residential Market Outlook**

In Hong Kong, residential market sentiment remains soft in light of economic uncertainties and high interest rate environment, despite the cancellation of stamp duty measures issued by the HKSAR Government with effect from the end of February 2024. It is anticipated that market confidence and sentiment might take some time to be rebuilt after the end of interest rate hikes. Demand remains resilient in the medium to long term, supported by local demand and gradual increase in demand from Chinese Mainland buyers.

## Chinese Mainland

### **New Bund Plot and Lujiazui Taikoo Yuan, Shanghai**

In November 2023, the Group completed the acquisition of 40% equity interest in developments from the Lujiazui Group to develop two new landmarks (Shanghai New Bund Mixed-use Project and Lujiazui Taikoo Yuan) in Shanghai's Pudong New Area. These two sites will be developed into large-scale, mixed-use projects, including retail, office and premium residential components. Residential towers have been topped out and façade works are in progress at the New Bund plot while superstructure works are underway at Lujiazui Taikoo Yuan. Around 88% of the total saleable area in the New Bund plot residential project has been pre-sold at 30th June 2024, with an expected completion date from 2025 onwards. The pre-sale of the first batch of the residential units in Lujiazui Taikoo Yuan Residences is planned in late 2024.

## Chinese Mainland Residential Market Outlook

The residential market for high-quality developments in prime locations of Tier-1 cities is expected to be resilient in the short run, for example, good sales results achieved for premium projects launched in Shanghai in the first half of 2024. The outlook for Shanghai's luxury residential market in prime locations is anticipated to be positive in the long run.

## Indonesia

In 2019, a joint venture between the Group and Jakarta Setiabudi Internasional Group completed the acquisition of a plot of land in South Jakarta, Indonesia. The land is being developed for residential purposes with an aggregate GFA of approximately 1,123,000 square feet. The three towers have been topped out and façade works are in progress. The development is expected to comprise around 400 residential units to be completed in 2024. The Group has a 50% interest in the joint venture. Pre-sales are in progress. 98 units had been pre-sold at 2nd August 2024.

## Vietnam

In 2020, the Group agreed with City Garden Joint Stock Company to develop The River, a luxury residential property in Ho Chi Minh City, Vietnam. The development, which was completed in August 2022, comprises 525 luxury apartments in three towers. The Group has an effective 20% interest in the development. Approximately 93% of the units had been sold at 2nd August 2024.

In 2021, the Group made a minority investment in Empire City, a residential-led mixed-use development (with residential, retail, office, hotel and serviced apartment components) in Ho Chi Minh City, Vietnam. The development is under construction and is expected to be completed in phases up to 2029. The Group invested in the development through an agreement with Gaw Capital Partners, an existing participant in the development. Over 52% of the residential units had been pre-sold or sold at 2nd August 2024.

## Thailand

In February 2023, the Group acquired a 40% interest in a site located on Wireless Road in Lumpini sub-district in Pathum Wan district, Bangkok. In partnership with City Realty Co. Ltd., the site, which is under design stage, is expected to be developed for residential purposes with a site area of approximately 136,000 square feet.

The development is expected to comprise approximately 400 residential units in two towers and to be completed in 2029.

## U.S.A.

In June 2023, the Group announced plans to develop a luxury residential and hospitality project in Miami.

The project, branded as The Residences at The Mandarin Oriental, Miami, will consist of two towers on Brickell Key. The first tower will comprise luxury private residences. The second tower will comprise a new Mandarin Oriental hotel as well as private residences and hotel residences. The market response in relation to the sales reservations since December 2023 has exceeded expectations.

## Indonesia, Vietnam, Thailand and U.S.A. Residential Market Outlook

With urbanisation, a growing middle class and a limited supply of luxury residential properties, the residential markets in Jakarta, Indonesia, Ho Chi Minh City, Vietnam and Bangkok, Thailand are expected to be stable.

The outlook for the luxury residential market in Miami remains robust. Florida is an attractive destination for homebuyers due to its favourable climate and tax regime, as well as its location as a gateway city to and from Latin America.

## Estate Management

The Group manages 18 residential estates which it has developed. It also manages OPUS HONG KONG, a residential property in Hong Kong which the Group redeveloped for Swire Pacific Limited. The management services include day to day assistance for residents, management, maintenance, cleaning, security and renovation of common areas and facilities. The Group places great emphasis on maintaining good relationships with residents.

## Hotels

### Overview

The Group owns and manages (through Swire Hotels) hotels in Hong Kong, the Chinese Mainland and the U.S.A. The House Collective, comprising The Upper House in Hong Kong, The Temple House in Chengdu and The Middle House in Shanghai, is a group of small and distinctive luxury hotels. The Opposite House in Beijing was closed in June 2024 and will be redeveloped for retail use. There are confirmed plans to open three new hotels under The House Collective in Tokyo, Shenzhen and Xi'an. There are EAST hotels in Hong Kong, Beijing and Miami. EAST Miami ceased to be owned by the Group since October 2021 but is managed by the Group under a third-party hotel management agreement. The Group also has interests in non-managed hotels in Hong Kong, Guangzhou, Shanghai and Miami.

The managed hotels in Hong Kong faced challenges, reflecting slower than anticipated speed of recovery of visitors. Food and beverage businesses were also soft. Chinese Mainland hotels were stable while the operating performance of the managed hotel in the U.S.A. improved.

The managed hotels (including restaurants and hotel management office) recorded an operating profit before depreciation of HK\$25 million in the first half of 2024, compared with an operating profit before depreciation of HK\$59 million in the first half of 2023.

### Hotel Portfolio (managed by Swire Hotels)

	No. of Rooms (100% Basis)	Attributable Interest
<i>Completed</i>		
Hong Kong		
– The Upper House	117	100%
– EAST Hong Kong	331	100%
– Headland Hotel <sup>(1)</sup>	501	0%
Chinese Mainland		
– The Opposite House <sup>(2)</sup>	n.a.	n.a.
– EAST Beijing	365	50%
– The Temple House <sup>(3)</sup>	142	100%
– The Middle House <sup>(3)</sup>	213	50%
U.S.A.		
– EAST Miami <sup>(4)</sup>	352	0%
<b>Total</b>	<b>2,021</b>	

(1) Headland Hotel is owned by Airline Property Limited, a wholly-owned subsidiary of Cathay Pacific Airways Limited.

(2) The Opposite House was closed in June 2024 and will be redeveloped for retail use.

(3) Comprising one hotel tower and one serviced apartment tower.

(4) EAST Miami (including serviced apartments in the hotel tower) is owned by a third party.

## Hong Kong

The Group wholly-owns and manages (through Swire Hotels) two hotels in Hong Kong, The Upper House, a 117-room luxury hotel at Pacific Place, and EAST Hong Kong, a 331-room hotel in Taikoo Shing.

The Group has a 20% interest in each of the JW Marriott, Conrad Hong Kong and Island Shangri-La hotels at Pacific Place and a 26.67% interest in each of the Novotel Citygate and The Silveri Hong Kong – MGallery in Tung Chung.

The managed hotels in Hong Kong faced challenges with slower than expected speed of recovery of visitors. The Hong Kong restaurant and beverage market remained soft.

## Chinese Mainland

Swire Hotels manages three hotels in the Chinese Mainland, EAST Beijing, a 365-room hotel at INDIGO in Beijing, The Temple House, luxury properties with 100 hotel rooms and 42 serviced apartments at Taikoo Li Chengdu, and The Middle House, luxury properties consisting of 111 hotel rooms and 102 serviced apartments at HKRI Taikoo Hui, Shanghai. The Opposite House, a 99-room luxury hotel at Taikoo Li Sanlitun, was closed in June 2024 and will be redeveloped for retail use. The Group owns a 100% interest in The Temple House and a 50% interest in each of the EAST Beijing and The Middle House. The Group owns a 97% interest in, but does not manage, the Mandarin Oriental at Taikoo Hui in Guangzhou, which has 263 rooms and 24 serviced apartments. The Group owns a 50% interest in another non-managed hotel, The Sukhothai, at HKRI Taikoo Hui in Shanghai, which has 201 rooms.

The performance of the managed and non-managed hotels in the Chinese Mainland was stable. Revenue per available room improved steadily in the first half of 2024.

## U.S.A.

EAST Miami at the Brickell City Centre development in Miami was sold to a third party in October 2021. It continues to be managed by Swire Hotels.

The performance of the U.S.A. hotels was mixed. Results at EAST Miami improved due to higher occupancy while results at the Mandarin Oriental, Miami (a non-managed hotel) were weaker than in the first half of 2023, mainly due to lower room rates.

## Outlook

Outlook for the hotel businesses in Hong Kong remains cautiously optimistic, but subject to the speed of recovery of international tourists and business travellers. Hotel businesses in the Chinese Mainland are expected to improve steadily. The U.S.A. hotels are expected to perform stably.

We are expanding our hotel management business, with a focus on extending our hotel brands in Asia Pacific through hotel management agreements.



## Development Highlight

### Two Taikoo Place, Taikoo Square & Taikoo Garden

Two Taikoo Place is the newest triple Grade-A office tower at Swire Properties' Global Business District in Taikoo Place. Built to meet the highest sustainability standards, it was completed in September 2022 and features 42 storeys of premium office space – totalling approximately one million square feet. It has achieved Platinum ratings for LEED, WELL and BEAM Plus, and is the first building in Hong Kong to be awarded Platinum certification for both WiredScore and SmartScore, a testament to its best-in-class smart infrastructure and advanced connectivity.

Two Taikoo Place also contributes to the LEED for Cities and Communities Gold certification of the broader Taikoo Place development, which marks the first and only

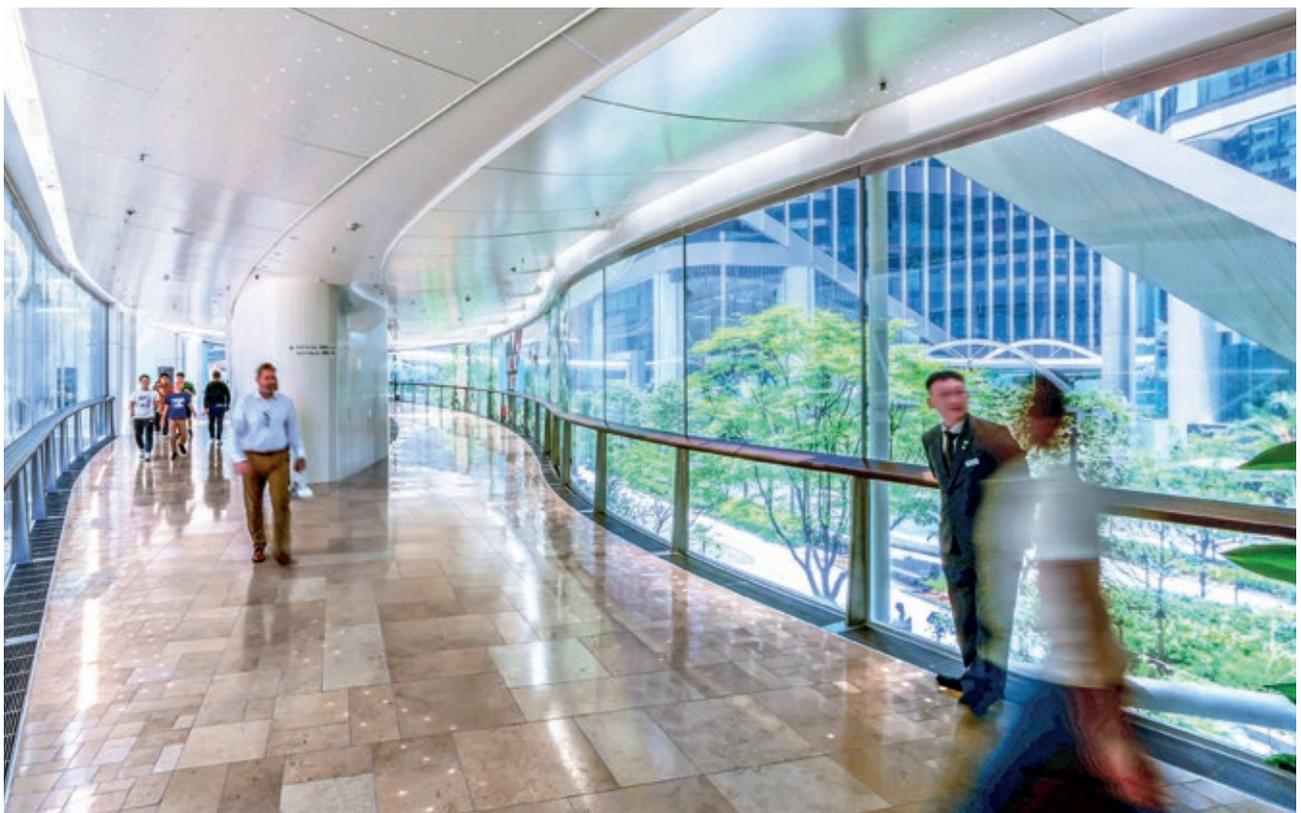
development in Hong Kong to receive this level of achievement. The triple Grade-A office tower also received the “2024 ULI Asia Pacific Awards for Excellence” by the Urban Land Institute (ULI) recently, recognising its outstanding performance across multiple disciplines including design, construction, management and sustainability.

Located at the doorstep of Two Taikoo Place, Taikoo Square, Taikoo Garden and Taikoo Piazza offer 70,000 square feet of green and open space; and increase the ratio of green space at Taikoo Place to 30% of the total site area. These landscaped green areas, and cascading water features, offer office workers unparalleled world-class amenities with wellness in mind.

By integrating nature-based solutions, Taikoo Square and Taikoo Garden showcase the Company's focus on biophilic design. This is set to improve the microclimate, increase rainwater retention and enhance air quality. It will also reconnect people with nature and promote urban biodiversity.

Biodiversity is also a key focus of Swire Properties' Sustainable Development (SD) 2030 Strategy and is part of the Company's greater efforts to combat climate change. The Company partnered with ecological experts to assess the status of urban biodiversity in the greater Quarry Bay area, with the study inspiring the selection of over 260 native and exotic plant species to enhance the overall ecological value of the two new gardens.

Taikoo Square launched in June 2024, and together with the opening of the final elevated climate-controlled walkway connecting Two Taikoo Place and One Island East, the latest phase of the Taikoo Place redevelopment project is now complete.



## Capital Commitments

### Capital Expenditure and Commitments

Capital expenditure in the first half of 2024 on Hong Kong investment properties and hotels, including the Group's share of the capital expenditure of joint venture companies, amounted to HK\$612 million (first half of 2023: HK\$1,298 million). Outstanding capital commitments at 30th June 2024 were HK\$9,692 million (31st December 2023: HK\$9,919 million), including the Group's share of the capital commitments of joint venture companies of HK\$44 million (31st December 2023: HK\$22 million).

Capital expenditure in the first half of 2024 on Chinese Mainland investment properties and hotels, including the Group's share of the capital expenditure of joint venture companies, amounted to HK\$983 million (first half of 2023: HK\$353 million). Outstanding capital commitments at 30th June 2024 were HK\$19,127 million (31st December 2023: HK\$15,271 million), including the Group's share of the capital commitments of joint venture companies of HK\$11,001 million (31st December 2023: HK\$7,106 million). The Group is committed to funding HK\$939 million (31st December 2023: HK\$797 million) of the capital commitments of joint venture companies. In addition to this, the Group is committed to make capital injections into joint venture companies of HK\$1,817 million (31st December 2023: HK\$275 million).

Capital expenditure in the first half of 2024 on investment properties and hotels in the U.S.A. amounted to HK\$60 million (first half of 2023: HK\$16 million). Outstanding capital commitments at 30th June 2024 were HK\$35 million (31st December 2023: HK\$25 million).

### Profile of Capital Commitments for Investment Properties and Hotels

	Expenditure Six months ended 30th June 2024 HK\$M	Forecast Expenditure				Total Commitments <sup>(1)</sup> At 30th June 2024 HK\$M	Commitments relating to joint venture Companies <sup>(2)</sup> At 30th June 2024 HK\$M
		Six months ending 31st December 2024 HK\$M	2025 HK\$M	2026 HK\$M	2027 and later HK\$M		
Hong Kong	612	785	719	1,738	6,450	9,692	44
Chinese Mainland	983	3,531	5,702	4,522	5,372	19,127	11,001
U.S.A.	60	28	7	–	–	35	–
<b>Total</b>	<b>1,655</b>	<b>4,344</b>	<b>6,428</b>	<b>6,260</b>	<b>11,822</b>	<b>28,854</b>	<b>11,045</b>

(1) The capital commitments represent the Group's capital commitments of HK\$17,809 million plus the Group's share of the capital commitments of joint venture companies of HK\$11,045 million.

(2) The Group is committed to funding HK\$939 million of the capital commitments of joint venture companies.

# Financing

## Summary of Cash Flows

	Six months ended 30th June		Year ended 31st December
	2024 HK\$M	2023 HK\$M	2023 HK\$M
<b>Net cash from/(used in) businesses and investments</b>			
Cash generated from operations	<b>3,701</b>	4,221	7,492
Dividends received	<b>80</b>	34	34
Tax paid	<b>(530)</b>	(370)	(963)
Net interest paid	<b>(806)</b>	(511)	(1,118)
Net cash used in investing activities	<b>(1,161)</b>	(6,761)	(13,861)
	<b>1,284</b>	(3,387)	(8,416)
<b>Cash paid to shareholders and net repayment of external debt</b>			
Net increase in borrowings	<b>1,879</b>	7,309	15,135
Capital contribution from a non-controlling interest and advances from an associated company	<b>1,657</b>	–	16
Principal elements of lease payments	<b>(39)</b>	(38)	(82)
Dividends paid	<b>(4,262)</b>	(4,024)	(6,004)
	<b>(765)</b>	3,247	9,065
Increase/(Decrease) in cash and cash equivalents	<b>519</b>	(140)	649

## Medium Term Note Programme

In 2012, Swire Properties MTN Financing Limited, a wholly-owned subsidiary of the Company, established a US\$3 billion Medium Term Note (“MTN”) Programme. The aggregate nominal amount of the MTN Programme was increased to US\$4 billion in 2017. Notes issued under the MTN Programme are unconditionally and irrevocably guaranteed by the Company. At 30th June 2024, the MTN Programme was rated A by Fitch and (P)A2 by Moody’s, in each case in respect of notes with a maturity of more than one year.

The MTN Programme enables the Group to raise money directly from the capital markets. Under the MTN Programme, notes may be issued in United States dollars or in other currencies, in various amounts and for various tenors.

## Changes in Financing

### Financial Information Reviewed by Auditors Analysis of Changes in Financing

	Six months ended 30th June 2024		Year ended 31st December 2023	
	Loans and bonds HK\$M	Lease liabilities HK\$M	Loans and bonds HK\$M	Lease liabilities HK\$M
At 1st January	41,169	607	22,835	614
Loans drawn and refinanced	2,650	–	11,523	–
Bonds issued	1,879	–	6,742	–
Bonds matured	(300)	–	(200)	–
Repayment of loans	(2,350)	–	(2,930)	–
Acquisition of subsidiary companies	–	–	3,151	42
New leases arranged during the period	–	14	–	62
Principal elements of lease payments	–	(39)	–	(82)
Currency adjustment	(323)	(14)	(27)	(16)
Other non-cash movements	30	1	75	(13)
At 30th June/31st December	42,755	569	41,169	607

## Net Debt

### Financial Information Reviewed by Auditors

Net debt at 30th June 2024 was HK\$37,796 million, compared with HK\$36,679 million at 31st December 2023.

The increase in net debt principally reflected capital and development expenditure and investment in joint venture companies in Hong Kong and the Chinese Mainland.

The Group's borrowings are principally denominated in Hong Kong dollars, Renminbi and United States dollars. Outstanding borrowings at 30th June 2024 and 31st December 2023 were as follows:

	30th June 2024 HK\$M	31st December 2023 HK\$M
<b>Borrowings included in non-current liabilities</b>		
Bank borrowings	13,160	13,159
Bonds	21,243	20,447
<b>Borrowings included in current liabilities</b>		
Bank borrowings	6,630	6,463
Bonds	1,722	1,100
<b>Total borrowings</b>	<b>42,755</b>	<b>41,169</b>
<b>Lease liabilities</b>		
Included in non-current liabilities	484	527
Included in current liabilities	85	80
Less: short-term deposits and bank balances	5,528	5,097
<b>Net debt</b>	<b>37,796</b>	<b>36,679</b>

## Sources of Finance

### Financial Information Reviewed by Auditors

At 30th June 2024, committed loan facilities and debt securities amounted to HK\$55,307 million, of which HK\$12,400 million (22%) remained undrawn. In addition, the Group had undrawn uncommitted facilities totalling HK\$400 million. Sources of funds at 30th June 2024 comprised:

	Available HK\$M	Drawn HK\$M	Undrawn Expiring Within One Year HK\$M	Undrawn Expiring After One Year HK\$M
<b>Facilities from third parties</b>				
Term loans	14,557	14,557	–	–
Revolving loans	17,740	5,340	–	12,400
Bonds	23,010	23,010	–	–
<b>Total committed facilities</b>	<b>55,307</b>	<b>42,907</b>	<b>–</b>	<b>12,400</b>
<b>Uncommitted facilities</b>				
Bank loans and overdrafts	400	–	400	–
<b>Total</b>	<b>55,707</b>	<b>42,907</b>	<b>400</b>	<b>12,400</b>

Note: The figures above are stated before unamortised loan fees of HK\$152 million.

## Maturity Profile and Refinancing

At 30th June 2024, bank loans and other borrowings are repayable on various dates up to 2033 (31st December 2023: up to 2033). The weighted average term and cost of the Group's debt are:

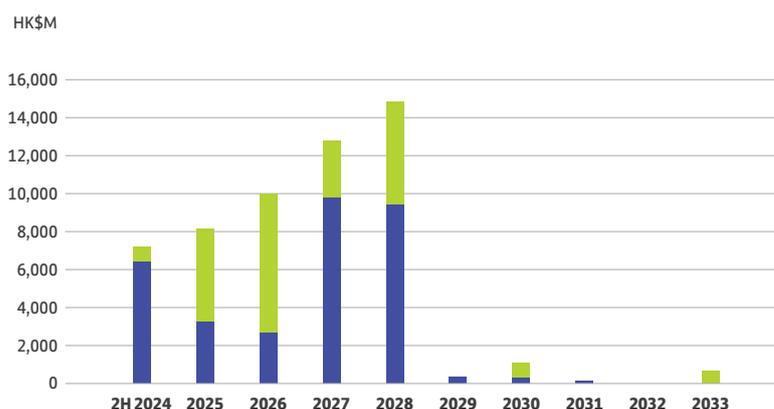
	30th June		31st December	
	2024	2023	2023	
Weighted average term of debt	<b>2.5 years</b>	3.7 years	3.0 years	
Weighted average cost of debt	<b>4.1%</b>	3.9%	4.1%	

Note: The weighted average cost of debt above is stated on gross debt basis.

The maturity profile of the Group's available committed facilities is set out below:

### Total Available Committed Facilities by Maturity

#### Facilities from third parties



### Financial Information Reviewed by Auditors

The table below sets forth the maturity profile of the Group's borrowings:

	30th June 2024		31st December 2023	
	HK\$M		HK\$M	
<b>Bank borrowings and bonds from third parties due</b>				
Within 1 year	<b>8,352</b>	<b>19%</b>	7,563	18%
1-2 years	<b>13,232</b>	<b>31%</b>	6,073	15%
2-5 years	<b>19,118</b>	<b>45%</b>	25,256	61%
After 5 years	<b>2,053</b>	<b>5%</b>	2,277	6%
<b>Total</b>	<b>42,755</b>	<b>100%</b>	41,169	100%
Less: Amount due within one year included under current liabilities	<b>8,352</b>		7,563	
Amount due after one year included under non-current liabilities	<b>34,403</b>		33,606	

## Currency Profile

### Financial Information Reviewed by Auditors

An analysis of the carrying amounts of gross borrowings by currency (after cross-currency swaps) is shown below:

Currency	30th June 2024		31st December 2023	
	HK\$M		HK\$M	
Hong Kong dollars	25,259	59%	25,243	61%
Renminbi	13,996	33%	12,427	30%
United States dollars	3,500	8%	3,499	9%
<b>Total</b>	<b>42,755</b>	<b>100%</b>	<b>41,169</b>	<b>100%</b>

## Finance Charges

### Financial Information Reviewed by Auditors

At 30th June 2024, 68% of the Group's gross borrowings were on a fixed rate basis and 32% were on a floating rate basis (31st December 2023: 68% and 32% respectively). Interest charged and earned were as follows:

	Six months ended 30th June		Year ended 31st December
	2024 HK\$M	2023 HK\$M	2023 HK\$M
<b>Interest charged on:</b>			
Bank loans and overdrafts	484	277	743
Bonds	356	272	614
Interest-bearing advances from joint venture and associated companies	2	2	2
Lease liabilities	10	11	21
Net fair value (gains)/losses on derivative instruments			
Cash flow hedges – transferred from other comprehensive income	(31)	(14)	(41)
Cross-currency swaps not qualifying as hedges	(1)	1	1
Other financing costs	85	57	125
	<b>905</b>	606	1,465
Losses on the movement in the fair value of the liability in respect of a put option in favour of the owner of a non-controlling interest	48	5	53
<b>Capitalised on:</b>			
Investment properties	(216)	(219)	(510)
Properties for sale	(152)	(121)	(270)
	<b>585</b>	271	738
<b>Interest income on:</b>			
Short-term deposits and bank balances	(41)	(29)	(64)
Loans to joint venture and associated companies	(75)	(54)	(136)
Others	–	(9)	(18)
	<b>(116)</b>	(92)	(218)
<b>Net finance charges</b>	<b>469</b>	179	520

## Gearing Ratio and Interest Cover

	30th June		31st December	
	2024	2023	2023	
<b>Gearing ratio <sup>(1)</sup></b>	<b>13.3%</b>	10.2%	12.7%	
	<b>Six months ended 30th June</b>		<b>Year ended 31st December</b>	
	2024	2023	2023	
<b>Interest cover – times <sup>(1)</sup></b>				
Per financial statements	<b>6.9</b>	16.1	10.0	
Underlying	<b>10.8</b>	24.8	26.8	
<b>Cash interest cover – times <sup>(1)</sup></b>				
Per financial statements	<b>3.8</b>	5.5	4.0	
Underlying	<b>5.8</b>	8.4	10.0	

<sup>(1)</sup> Refer to Glossary on page 79 for definitions.

## Debt in Joint Venture and Associated Companies

In accordance with Hong Kong Financial Reporting Standards, the net debt of the Group reported in the consolidated statement of financial position does not include the net debt of its joint venture and associated companies. These companies had the following net debt positions at 30th June 2024 and 31st December 2023:

	Net Debt of Joint Venture and Associated Companies		Portion of Net Debt Attributable to the Group		Debt Guaranteed by the Group	
	30th June 2024 HK\$M	31st December 2023 HK\$M	30th June 2024 HK\$M	31st December 2023 HK\$M	30th June 2024 HK\$M	31st December 2023 HK\$M
Hong Kong Entities	<b>10,521</b>	10,228	<b>3,539</b>	3,444	<b>2,408</b>	2,408
Chinese Mainland Entities	<b>9,255</b>	7,042	<b>4,192</b>	3,403	<b>1,502</b>	1,449
U.S.A. and other Entities	<b>239</b>	86	<b>108</b>	64	<b>152</b>	139
<b>Total</b>	<b>20,015</b>	17,356	<b>7,839</b>	6,911	<b>4,062</b>	3,996

If the attributable portion of the net debt in joint venture and associated companies were to be added to the Group's net debt, gearing would rise to 16.1%.

# Report on Review of Condensed Interim Financial Statements



羅兵咸永道

To the Board of Directors of Swire Properties Limited  
(incorporated in Hong Kong with limited liability)

## Introduction

We have reviewed the condensed interim financial statements set out on pages 54 to 75, which comprise the consolidated statement of financial position of Swire Properties Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30th June 2024 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on condensed interim financial statements to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The Directors of the Company are responsible for the preparation and presentation of these condensed interim financial statements in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## Scope of Review

We conducted our review 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial statements of the Group are not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

### **PricewaterhouseCoopers**

Certified Public Accountants

Hong Kong, 8th August 2024

*PricewaterhouseCoopers, 22/F Prince’s Building, Central, Hong Kong SAR, China*

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# Condensed Interim Financial Statements

## Consolidated Statement of Profit or Loss

For the six months ended 30th June 2024 – unaudited

		Unaudited Six months ended 30th June		Audited Year ended 31st December
	Note	2024 HK\$M	2023 HK\$M	2023 HK\$M
Revenue	4	<b>7,279</b>	7,297	14,670
Cost of sales	5	<b>(2,004)</b>	(1,970)	(4,284)
Gross profit		<b>5,275</b>	5,327	10,386
Administrative and selling expenses		<b>(1,014)</b>	(951)	(2,058)
Other operating expenses		<b>(99)</b>	(106)	(205)
Other net losses	6	<b>(103)</b>	(65)	(114)
Change in fair value of investment properties	13	<b>(842)</b>	(1,332)	(2,829)
Operating profit		<b>3,217</b>	2,873	5,180
Finance charges		<b>(585)</b>	(271)	(738)
Finance income		<b>116</b>	92	218
Net finance charges	8	<b>(469)</b>	(179)	(520)
Share of profit less losses of joint venture companies		<b>311</b>	508	124
Share of profit less losses of associated companies		<b>39</b>	16	(416)
Profit before taxation		<b>3,098</b>	3,218	4,368
Taxation	9	<b>(1,208)</b>	(954)	(1,617)
Profit for the period		<b>1,890</b>	2,264	2,751
Profit for the period attributable to:				
The Company's shareholders		<b>1,796</b>	2,223	2,637
Non-controlling interests		<b>94</b>	41	114
		<b>1,890</b>	2,264	2,751
		<b>HK\$</b>	HK\$	HK\$
Earnings per share from profit attributable to the Company's shareholders (basic and diluted)	11	<b>0.31</b>	0.38	0.45

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

## Consolidated Statement of Other Comprehensive Income

For the six months ended 30th June 2024 – unaudited

	Unaudited Six months ended 30th June		Audited Year ended 31st December
	2024 HK\$M	2023 HK\$M	2023 HK\$M
<b>Profit for the period</b>	<b>1,890</b>	2,264	2,751
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Revaluation of properties previously occupied by the Group			
– gains recognised during the period	1	–	46
– deferred tax	–	–	(11)
Defined benefit plans			
– remeasurement losses recognised during the period	–	–	(56)
– deferred tax	–	–	9
Net translation differences recognised during the period	(37)	(51)	(25)
	<b>(36)</b>	(51)	(37)
<b>Items that may be reclassified subsequently to profit or loss</b>			
Cash flow hedges			
– gains/(losses) recognised during the period	90	20	(38)
– transferred to net finance charges	(31)	(14)	(41)
– deferred tax	(10)	(1)	13
Share of other comprehensive income of joint venture and associated companies			
– recognised during the period	(652)	(485)	(103)
– reclassified to profit or loss on deemed disposal	–	228	228
Net translation differences recognised during the period	(989)	(1,796)	(904)
	<b>(1,592)</b>	(2,048)	(845)
<b>Other comprehensive income for the period, net of tax</b>	<b>(1,628)</b>	(2,099)	(882)
<b>Total comprehensive income for the period</b>	<b>262</b>	165	1,869
Total comprehensive income attributable to:			
The Company's shareholders	205	175	1,780
Non-controlling interests	57	(10)	89
	<b>262</b>	165	1,869

The above consolidated statement of other comprehensive income should be read in conjunction with the accompanying notes.

## Consolidated Statement of Financial Position

At 30th June 2024 – unaudited

	Note	Unaudited 30th June 2024 HK\$M	Audited 31st December 2023 HK\$M
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	3,381	3,644
Investment properties	13	280,396	281,463
Intangible assets	14	1,496	1,555
Right-of-use assets	15	2,759	2,655
Properties held for development		1,209	1,210
Joint venture companies	16	19,860	19,276
Loans due from joint venture companies	16	14,487	14,781
Associated companies	17	10,333	10,583
Loans due from associated companies	17	255	209
Derivative financial instruments	19	99	57
Deferred tax assets	23	65	88
Financial assets at fair value through profit or loss		629	623
		<b>334,969</b>	336,144
<b>Current assets</b>			
Properties for sale		9,674	9,121
Stocks		85	77
Trade and other receivables	20	3,584	3,506
Cash and cash equivalents		5,528	5,097
		<b>18,871</b>	17,801
Assets classified as held for sale	24	9	543
		<b>18,880</b>	18,344
<b>Current liabilities</b>			
Trade and other payables	21	11,137	9,763
Contract liabilities		14	5
Taxation payable		520	378
Long-term loans and bonds due within one year		8,352	7,563
Lease liabilities due within one year	22	85	80
		<b>20,108</b>	17,789
<b>Net current (liabilities)/assets</b>		<b>(1,228)</b>	555
<b>Total assets less current liabilities</b>		<b>333,741</b>	336,699
<b>Non-current liabilities</b>			
Long-term loans and bonds		34,403	33,606
Long-term lease liabilities	22	484	527
Derivative financial instruments	19	10	22
Other payables	21	268	268
Deferred tax liabilities	23	14,368	14,082
Retirement benefit liabilities		53	45
		<b>49,586</b>	48,550
<b>NET ASSETS</b>		<b>284,155</b>	288,149
<b>EQUITY</b>			
Share capital	25	10,449	10,449
Reserves	26	270,626	274,633
<b>Equity attributable to the Company's shareholders</b>		<b>281,075</b>	285,082
<b>Non-controlling interests</b>	27	3,080	3,067
<b>TOTAL EQUITY</b>		<b>284,155</b>	288,149

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

# Consolidated Statement of Cash Flows

For the six months ended 30th June 2024 – unaudited

	Unaudited Six months ended 30th June		Audited Year ended 31st December
	2024 HK\$M	2023 HK\$M	2023 HK\$M
<b>Operating activities</b>			
Cash generated from operations	3,701	4,221	7,492
Interest paid	(885)	(547)	(1,222)
Interest received	79	36	104
Tax paid	(530)	(370)	(963)
	2,365	3,340	5,411
Dividends received from joint venture companies	80	34	34
<b>Net cash from operating activities</b>	<b>2,445</b>	<b>3,374</b>	<b>5,445</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	(117)	(111)	(217)
Additions of investment properties	(846)	(1,332)	(2,771)
Purchase of intangible assets	(11)	(16)	(64)
Proceeds from disposal of investment properties	311	60	5,291
Proceeds from disposal of subsidiary companies, net of cash disposed of	–	–	535
Payment for acquisition of subsidiary companies, net of cash acquired	–	(3,388)	(3,699)
Purchase of shares in joint venture companies	–	(762)	(791)
Purchase of shares in associated companies	–	–	(10,397)
Purchase of financial assets at fair value through profit or loss	(8)	(156)	(161)
Equity to joint venture companies	(732)	(221)	(356)
Loans to joint venture companies	(156)	(956)	(1,604)
Repayment of loans by joint venture companies	403	173	435
Repayment of loans by associated companies	–	6	17
Initial leasing costs incurred	(5)	(58)	(79)
<b>Net cash used in investing activities</b>	<b>(1,161)</b>	<b>(6,761)</b>	<b>(13,861)</b>
<b>Net cash inflow/(outflow) before financing activities</b>	<b>1,284</b>	<b>(3,387)</b>	<b>(8,416)</b>
<b>Financing activities</b>			
Loans drawn and refinanced	2,650	8,339	11,523
Bonds issued	1,879	–	6,742
Repayment of loans and bonds	(2,650)	(1,030)	(3,130)
Advances from an associated company	1,624	–	–
Principal elements of lease payments	(39)	(38)	(82)
	3,464	7,271	15,053
Capital contribution from non-controlling interests	33	–	16
Dividends paid to the Company's shareholders	(4,212)	(3,978)	(5,909)
Dividends paid to non-controlling interests	(50)	(46)	(95)
<b>Net cash (used in)/from financing activities</b>	<b>(765)</b>	<b>3,247</b>	<b>9,065</b>
<b>Increase/(Decrease) in cash and cash equivalents</b>	<b>519</b>	<b>(140)</b>	<b>649</b>
Cash and cash equivalents at 1st January	5,097	4,502	4,502
Effect of exchange differences	(88)	(115)	(54)
<b>Cash and cash equivalents at end of the period</b>	<b>5,528</b>	<b>4,247</b>	<b>5,097</b>
<b>Represented by:</b>			
Bank balances and short-term deposits maturing within three months	5,528	4,247	5,097

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

## Consolidated Statement of Changes in Equity

For the six months ended 30th June 2024 – unaudited

	Attributable to the Company's shareholders			Total HK\$M	Non- controlling interests HK\$M	Total equity HK\$M
	Share capital HK\$M	Revenue reserve HK\$M	Other reserves HK\$M			
At 1st January 2024	10,449	276,689	(2,056)	285,082	3,067	288,149
Profit for the period	–	1,796	–	1,796	94	1,890
Other comprehensive income	–	–	(1,591)	(1,591)	(37)	(1,628)
Total comprehensive income for the period	–	1,796	(1,591)	205	57	262
Capital contribution from a non-controlling interest	–	–	–	–	23	23
Dividends declared and/or paid	–	(4,212)	–	(4,212)	(67)	(4,279)
At 30th June 2024 (unaudited)	10,449	274,273	(3,647)	281,075	3,080	284,155

	Attributable to the Company's shareholders			Total HK\$M	Non- controlling interests HK\$M	Total equity HK\$M
	Share capital HK\$M	Revenue reserve HK\$M	Other reserves HK\$M			
At 1st January 2023	10,449	280,008	(1,246)	289,211	3,047	292,258
Profit for the period	–	2,223	–	2,223	41	2,264
Other comprehensive income	–	–	(2,048)	(2,048)	(51)	(2,099)
Total comprehensive income for the period	–	2,223	(2,048)	175	(10)	165
Dividends paid	–	(3,978)	–	(3,978)	(46)	(4,024)
At 30th June 2023 (unaudited)	10,449	278,253	(3,294)	285,408	2,991	288,399

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# Notes to the Condensed Interim Financial Statements

## 1. Segment Information

(a) Analysis of consolidated statement of profit or loss

	External revenue HK\$M	Inter-segment revenue HK\$M	Operating profit/(losses) after depreciation and amortisation HK\$M	Finance charges HK\$M	Finance income HK\$M	Share of profit less losses of joint venture companies HK\$M	Share of profit less losses of associated companies HK\$M	Profit/(Losses) before taxation HK\$M	Profit/(Losses) for the period HK\$M	Profit/(Losses) attributable to the Company's shareholders HK\$M
<b>Six months ended 30th June 2024</b>										
Property investment	6,727	1	4,170	(579)	116	436	–	4,143	3,506	3,458
Property trading	88	–	(54)	–	–	(8)	9	(53)	(76)	(75)
Hotels	464	3	(57)	(6)	–	(17)	24	(56)	(51)	(51)
Change in fair value of investment properties	–	–	(842)	–	–	(100)	6	(936)	(1,489)	(1,536)
Inter-segment elimination	–	(4)	–	–	–	–	–	–	–	–
	<b>7,279</b>	<b>–</b>	<b>3,217</b>	<b>(585)</b>	<b>116</b>	<b>311</b>	<b>39</b>	<b>3,098</b>	<b>1,890</b>	<b>1,796</b>
<b>Six months ended 30th June 2023</b>										
Property investment	6,732	1	4,254	(264)	88	506	–	4,584	3,911	3,855
Property trading	89	–	(12)	–	4	(20)	–	(28)	(53)	(52)
Hotels	476	1	(37)	(7)	–	12	16	(16)	(10)	(10)
Change in fair value of investment properties	–	–	(1,332)	–	–	10	–	(1,322)	(1,584)	(1,570)
Inter-segment elimination	–	(2)	–	–	–	–	–	–	–	–
	<b>7,297</b>	<b>–</b>	<b>2,873</b>	<b>(271)</b>	<b>92</b>	<b>508</b>	<b>16</b>	<b>3,218</b>	<b>2,264</b>	<b>2,223</b>
<b>Year ended 31st December 2023</b>										
Property investment	13,525	3	8,201	(725)	203	866	7	8,552	7,435	7,325
Property trading	166	–	(89)	–	15	(46)	–	(120)	(172)	(169)
Hotels	979	5	(103)	(13)	–	(29)	31	(114)	(101)	(100)
Change in fair value of investment properties	–	–	(2,829)	–	–	(667)	(454)	(3,950)	(4,411)	(4,419)
Inter-segment elimination	–	(8)	–	–	–	–	–	–	–	–
	<b>14,670</b>	<b>–</b>	<b>5,180</b>	<b>(738)</b>	<b>218</b>	<b>124</b>	<b>(416)</b>	<b>4,368</b>	<b>2,751</b>	<b>2,637</b>

Note:

Sales between business segments are accounted for at competitive prices charged to unaffiliated customers for similar goods and services.

**1. Segment Information** (continued)

(b) Analysis of total assets of the Group

	Segment assets HK\$M	Joint venture companies* HK\$M	Associated companies* HK\$M	Bank deposits and cash HK\$M	Total assets HK\$M
<b>At 30th June 2024</b>					
Property investment	287,181	26,053	8,173	5,340	326,747
Property trading	11,934	6,126	2,132	69	20,261
Hotels	4,271	2,168	283	119	6,841
	<b>303,386</b>	<b>34,347</b>	<b>10,588</b>	<b>5,528</b>	<b>353,849</b>
<b>At 31st December 2023</b>					
Property investment	289,079	25,799	8,366	4,854	328,098
Property trading	10,869	6,057	2,167	127	19,220
Hotels	4,594	2,201	259	116	7,170
	<b>304,542</b>	<b>34,057</b>	<b>10,792</b>	<b>5,097</b>	<b>354,488</b>

\* The assets relating to joint venture and associated companies include the loans due from these companies.

(c) Analysis of total liabilities and non-controlling interests of the Group

	Segment liabilities HK\$M	Current and deferred tax liabilities HK\$M	External borrowings HK\$M	Lease liabilities HK\$M	Total liabilities HK\$M	Non-controlling interests HK\$M
<b>At 30th June 2024</b>						
Property investment	9,387	14,773	26,806	563	51,529	3,042
Property trading	1,890	114	15,247	–	17,251	(1)
Hotels	205	1	702	6	914	39
	<b>11,482</b>	<b>14,888</b>	<b>42,755</b>	<b>569</b>	<b>69,694</b>	<b>3,080</b>
<b>At 31st December 2023</b>						
Property investment	8,196	14,370	25,396	599	48,561	3,025
Property trading	1,670	89	14,422	–	16,181	1
Hotels	237	1	1,351	8	1,597	41
	<b>10,103</b>	<b>14,460</b>	<b>41,169</b>	<b>607</b>	<b>66,339</b>	<b>3,067</b>

(d) Analysis of external revenue of the Group – Timing of revenue recognition

	At a point in time HK\$M	Over time HK\$M	Rental income on leases HK\$M	Total HK\$M
<b>Six months ended 30th June 2024</b>				
Property investment	–	62	6,665	6,727
Property trading	88	–	–	88
Hotels	211	253	–	464
	<b>299</b>	<b>315</b>	<b>6,665</b>	<b>7,279</b>
<b>Six months ended 30th June 2023</b>				
Property investment	–	55	6,677	6,732
Property trading	89	–	–	89
Hotels	221	255	–	476
	<b>310</b>	<b>310</b>	<b>6,677</b>	<b>7,297</b>

The Group is organised on a divisional basis: Property investment, Property trading and Hotels. The reportable segments within each of the three divisions are classified according to the nature of the business.

There are no significant differences from the last annual financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss.

## 2. Basis of Preparation

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

The unaudited condensed interim financial statements are set out on pages 54 to 75 and also include the “Financial Information Reviewed by Auditors” in the Financing section on pages 47 to 52.

The financial information relating to the year ended 31st December 2023 that is included in this document as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements.

The non-statutory accounts (within the meaning of section 436 of the Companies Ordinance (Cap. 622) (the “Ordinance”)) in this document are not specified financial statements (within such meaning). The specified financial statements for the year ended 31st December 2023 have been delivered to the Registrar of Companies in Hong Kong in accordance with section 664 of the Ordinance. The Company’s auditor has reported on those specified financial statements. That report was not qualified or otherwise modified, did not refer to any matter to which the auditor drew attention by way of emphasis without qualifying the report and did not contain a statement under section 406(2) or 407(2) or (3) of the Ordinance.

The accounting policies and methods of computation and presentation used in the preparation of the condensed interim financial statements are consistent with those described in the 2023 annual financial statements except for those noted in 2(b) below.

- (b) The following revised standards and interpretation were required to be adopted by the Group effective from 1st January 2024:

Amendments to HKAS 1	Classification of Liabilities as Current and Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
HK-Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

None of the revised standards and interpretation had a significant effect on the Group’s consolidated financial statements or accounting policies.

- (c) In July 2024, the Hong Kong Institute of Certified Public Accountants published HKFRS 18 “Presentation and Disclosure in Financial Statements” which sets out the requirements for the presentation and disclosure of information in the financial statements to help ensure entities provide relevant information that faithfully represents the entity’s financial results and position. This new standard will apply for annual reporting periods beginning on or after 1st January 2027. Management is in the process of assessing its impact to the Group’s consolidated financial statements.
- (d) The preparation of the condensed interim financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgements in the process of applying the Group’s accounting policies. Those areas involving a higher degree of judgements or complexity and areas where assumptions and estimates are significant to the Group’s consolidated financial statements are detailed in the 2023 annual financial statements.

## 2. Basis of Preparation (continued)

(e) In December 2021, the Organisation for Economic Co-operation and Development (“OECD”) issued model rules for a new global minimum tax framework (“Pillar Two”) (i.e. BEPS 2.0), and various governments around the world have issued, or are in the process of issuing, legislation on this. The ultimate holding company of the Group is in the process of assessing the full impact of this in various regions that the Group has operations. The HKSAR Government and the respective governments of the Group’s major operating regions have not enacted the legislation on Pillar Two as of the date of approval of these 2024 condensed interim financial statements.

## 3. Financial Risk Management

In the normal course of business the Group is exposed to financial risks attributable to interest rates, currencies, credit and liquidity.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s 2023 annual financial statements. There have been no changes in the Group’s financial risk management structure, policies and procedures since the year end.

## 4. Revenue

Revenue represents sales by the Company and its subsidiary companies to external customers which comprises:

	Six months ended 30th June		Year ended 31st December
	2024 HK\$M	2023 HK\$M	2023 HK\$M
Gross rental income from investment properties	6,665	6,677	13,408
Property trading	88	89	166
Hotels	464	476	979
Rendering of other services	62	55	117
	<b>7,279</b>	7,297	14,670

## 5. Cost of Sales

	Six months ended 30th June		Year ended 31st December
	2024 HK\$M	2023 HK\$M	2023 HK\$M
Direct rental outgoings in respect of investment properties	1,501	1,483	3,266
Property trading	62	63	119
Hotels	441	424	899
	<b>2,004</b>	1,970	4,284

## 6. Other Net Losses

	Six months ended 30th June		Year ended 31st December
	2024 HK\$M	2023 HK\$M	2023 HK\$M
Gains arising from the acquisition of interests in joint venture companies	–	551	551
Losses on disposal of investment properties	–	–	(16)
Losses on disposal of property, plant and equipment	(1)	–	(2)
Losses on disposal of assets classified as held for sale	(219)	–	(44)
Change in fair value of assets classified as held for sale	(2)	(411)	(442)
Reversal of impairment loss on hotel held as part of a mixed-use development	15	–	–
Net foreign exchange losses	–	(232)	(240)
Government subsidies	1	1	8
Others	103	26	71
	<b>(103)</b>	<b>(65)</b>	<b>(114)</b>

## 7. Expenses by Nature

Expenses included in cost of sales, administrative and selling expenses, and other operating expenses are analysed as follows:

	Six months ended 30th June		Year ended 31st December
	2024 HK\$M	2023 HK\$M	2023 HK\$M
Impairment charged on trade receivables*	6	9	40
Depreciation of property, plant and equipment (note 12)	150	130	275
Depreciation of right-of-use assets			
– leasehold land held for own use	15	14	29
– property	24	22	49
Amortisation of			
– intangible assets (note 14)	34	32	66
– initial leasing costs in respect of investment properties	26	69	96
Staff costs	1,170	1,041	2,115
Other lease expenses**	15	16	31

\* The amounts include impairment charges relating to expected credit losses on forgiveness of lease payments of operating lease receivables, i.e. rent concessions granted to tenants during the period, under HKFRS 9 of HK\$4 million (30th June 2023: HK\$13 million; year ended 31st December 2023: HK\$36 million).

\*\* These expenses include expenses relating to short-term leases and leases of low-value assets, net of rent concessions received (nil for the six months ended 30th June 2024, 30th June 2023 and year ended 31st December 2023). They are directly charged to the consolidated statement of profit or loss and are not included in the measurement of lease liabilities under HKFRS 16.

## 8. Net Finance Charges

Refer to the table with the heading “Financial Information Reviewed by Auditors” on page 51 for details of the Group’s net finance charges.

## 9. Taxation

	Six months ended 30th June		Year ended 31st December
	2024 HK\$M	2023 HK\$M	2023 HK\$M
Current taxation			
Hong Kong profits tax	248	280	494
Outside Hong Kong	422	330	665
Under/(Over)-provisions in prior years	4	7	(28)
	<b>674</b>	617	1,131
Deferred taxation (note 23)			
Change in fair value of investment properties	397	88	106
Origination and reversal of temporary differences	137	249	380
	<b>534</b>	337	486
	<b>1,208</b>	954	1,617

Hong Kong profits tax is calculated at 16.5% (2023: 16.5%) on the estimated assessable profits for the period. Tax outside Hong Kong is calculated at tax rates applicable in jurisdictions in which the Group is assessable for tax.

The Group's share of joint venture companies' tax charges for the six months ended 30th June 2024 of HK\$113 million (30th June 2023: HK\$144 million; year ended 31st December 2023: HK\$241 million) and share of associated companies' tax credit for the six months ended 30th June 2024 of HK\$1 million (30th June 2023: nil; year ended 31st December 2023: tax credit of HK\$149 million) are included in the share of results of joint venture and associated companies shown in the consolidated statement of profit or loss.

## 10. Dividends

	Six months ended 30th June		Year ended 31st December
	2024 HK\$M	2023 HK\$M	2023 HK\$M
First interim dividend declared on 8th August 2024 of HK\$0.34 per share (2023 first interim dividend paid on 12th October 2023: HK\$0.33)	1,989	1,931	1,931
Second interim dividend paid on 2nd May 2024 of HK\$0.72 per share	–	–	4,212
	<b>1,989</b>	1,931	6,143

The first interim dividend is not accounted for in the condensed interim financial statements because it had not been declared at the period end date.

The Directors have declared a first interim dividend of HK\$0.34 (2023: HK\$0.33) per share for the year ending 31st December 2024. The first interim dividend, which totals HK\$1,989 million (2023: HK\$1,931 million), will be paid on Wednesday, 9th October 2024 to shareholders registered at the close of business on the record date, being Friday, 6th September 2024. Shares of the Company will be traded ex-dividend as from Wednesday, 4th September 2024.

## 10. Dividends (continued)

The register of members will be closed on Friday, 6th September 2024, during which day no transfer of shares will be effected. In order to qualify for entitlement to the first interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 5th September 2024.

## 11. Earnings Per Share (Basic and Diluted)

Basic earnings per share is calculated by dividing the profit attributable to the Company's shareholders for the period ended 30th June 2024 of HK\$1,796 million (30th June 2023: HK\$2,223 million; year ended 31st December 2023: HK\$2,637 million) by the weighted average number of 5,850,000,000 ordinary shares in issue during the period (30th June 2023 and 31st December 2023: 5,850,000,000 ordinary shares).

Diluted earnings per share is equal to basic earnings per share as there was no dilutive potential share outstanding for the period ended 30th June 2024 (30th June 2023 and 31st December 2023: same).

## 12. Property, Plant and Equipment

	Property, plant and equipment HK\$M
<b>Cost:</b>	
At 1st January 2024	6,849
Translation differences	(82)
Additions	106
Disposals	(26)
Net transfers to investment properties	(710)
Net transfers from properties for sale	51
<b>At 30th June 2024</b>	<b>6,188</b>
<b>Accumulated depreciation and impairment:</b>	
At 1st January 2024	3,205
Translation differences	(38)
Charge for the period (note 7)	150
Disposals	(25)
Reversal of impairment losses	(15)
Transfer to investment properties	(470)
<b>At 30th June 2024</b>	<b>2,807</b>
<b>Net book value:</b>	
<b>At 30th June 2024</b>	<b>3,381</b>
At 1st January 2024	3,644

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

### 13. Investment Properties

	Completed HK\$M	Under Development HK\$M	Total HK\$M
At 1st January 2024	256,786	24,485	281,271
Translation differences	(1,299)	(82)	(1,381)
Additions	311	761	1,072
Transfer between categories	4,283	(4,283)	–
Net transfers (to)/from property, plant and equipment	(43)	283	240
Net transfers (to)/from right-of-use assets	(141)	9	(132)
Net fair value losses	(422)	(420)	(842)
	259,475	20,753	280,228
Add: Initial leasing costs	168	–	168
<b>At 30th June 2024</b>	<b>259,643</b>	<b>20,753</b>	<b>280,396</b>
At 1st January 2024 (including initial leasing costs)	256,978	24,485	281,463

### 14. Intangible Assets

	Goodwill HK\$M	Computer Software HK\$M	Others HK\$M	Total HK\$M
<b>Cost:</b>				
At 1st January 2024	1,341	393	205	1,939
Translation differences	(35)	(1)	–	(36)
Additions	–	11	–	11
<b>At 30th June 2024</b>	<b>1,306</b>	<b>403</b>	<b>205</b>	<b>1,914</b>
<b>Accumulated amortisation:</b>				
At 1st January 2024	–	239	145	384
Amortisation for the period (note 7)	–	25	9	34
<b>At 30th June 2024</b>	<b>–</b>	<b>264</b>	<b>154</b>	<b>418</b>
<b>Net book value:</b>				
<b>At 30th June 2024</b>	<b>1,306</b>	<b>139</b>	<b>51</b>	<b>1,496</b>
At 1st January 2024	1,341	154	60	1,555

## 15. Right-of-use Assets

The Group (acting as lessee) leases land, offices, warehouses and equipment. Except for certain long-term leasehold land in Hong Kong, rental contracts are typically made for fixed periods of 1 to 50 years but may have extension and early termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The recognised right-of-use assets relate to the following types of assets:

	<b>30th June 2024 HK\$M</b>	31st December 2023 HK\$M
Leasehold land held for own use	<b>2,618</b>	2,502
Property	<b>141</b>	153
	<b>2,759</b>	2,655

Additions to right-of-use assets during the six months ended 30th June 2024 were HK\$14 million (30th June 2023: HK\$56 million; year ended 31st December 2023: HK\$62 million).

During the six months ended 30th June 2024, total cash outflow for leases was included in the consolidated statement of cash flows as (a) interest paid of HK\$10 million (30th June 2023: HK\$11 million; year ended 31st December 2023: HK\$21 million) under “operating activities”, (b) payment for short-term and low-value assets leases of HK\$15 million (30th June 2023: HK\$16 million; year ended 31st December 2023: HK\$31 million) recorded in cash generated from operations under “operating activities” and (c) principal elements of lease payments of HK\$39 million (30th June 2023: HK\$38 million; year ended 31st December 2023: HK\$82 million) under “financing activities”.

## 16. Interests in Joint Venture Companies

	<b>30th June 2024 HK\$M</b>	31st December 2023 HK\$M
Share of net assets, unlisted	<b>19,860</b>	19,276
Loans due from joint venture companies less provisions		
– Interest-free	<b>11,537</b>	11,650
– Interest-bearing	<b>2,950</b>	3,131
	<b>14,487</b>	14,781

In June 2024, the Group entered into an equity and debt transfer agreement with the China Life Insurance Company Limited (“China Life”) group and the Sino-Ocean Group Holding Limited (“Sino-Ocean”) group, pursuant to which the Group and the China Life group have conditionally agreed to acquire a 14.895% and a 49.895% equity interest in the project company of INDIGO Phase Two, respectively, from the Sino-Ocean group for a consideration of approximately RMB891 million and RMB2,984 million, respectively. Completion of the acquisitions is subject to the satisfaction of certain conditions precedent. The acquisitions were completed in early August. Following the completion of the acquisitions, the Group’s interest in INDIGO Phase Two has increased from 35% to 49.895% and the China Life group owns a 49.895% interest in INDIGO Phase Two.

## 17. Interests in Associated Companies

	30th June 2024 HK\$M	31st December 2023 HK\$M
Share of net assets, unlisted	9,663	9,913
Goodwill	670	670
	<b>10,333</b>	10,583
Loans due from associated companies less provisions		
– Interest-free	215	169
– Interest-bearing	40	40
	<b>255</b>	209

## 18. Fair Value Measurement of Financial Instruments

(a) Financial instruments that are measured at fair value are included in the following fair value hierarchy:

	Level 2 HK\$M	Level 3 HK\$M	Total carrying amount HK\$M
<b>Assets as per consolidated statement of financial position</b>			
<b>At 30th June 2024</b>			
<b>Derivatives used for hedging (note 19)</b>	<b>99</b>	–	<b>99</b>
<b>Financial assets at fair value through profit or loss</b>			
– <b>Unlisted equity investments</b>	–	<b>629</b>	<b>629</b>
	<b>99</b>	<b>629</b>	<b>728</b>
At 31st December 2023			
Derivatives used for hedging (note 19)	57	–	57
Financial assets at fair value through profit or loss			
– Unlisted equity investments	–	623	623
	57	623	680
<b>Liabilities as per consolidated statement of financial position</b>			
<b>At 30th June 2024</b>			
<b>Derivatives used for hedging (note 19)</b>	<b>10</b>	–	<b>10</b>
<b>Put option in respect of a non-controlling interest (note 21)</b>	–	<b>645</b>	<b>645</b>
	<b>10</b>	<b>645</b>	<b>655</b>
At 31st December 2023			
Derivatives used for hedging (note 19)	22	–	22
Put option in respect of a non-controlling interest (note 21)	–	613	613
	22	613	635

Notes:

The levels in the hierarchy represent the following:

Level 2 – Financial instruments measured at fair value using inputs other than quoted prices but where those inputs are based on observable market data.

Level 3 – Financial instruments measured at fair value using inputs not based on observable market data.

There were no transfers of financial instruments between the levels in the fair value hierarchy.

## 18. Fair Value Measurement of Financial Instruments (continued)

The change in level 3 financial instruments for the period ended 30th June 2024 is as follows:

	Financial assets at fair value through profit or loss HK\$M	Put option in respect of a non-controlling interest HK\$M
At 1st January 2024	623	613
Additions	6	–
Distributions during the period	–	(16)
Change in fair value recognised as net finance charges*	–	48
<b>At 30th June 2024</b>	<b>629</b>	<b>645</b>
<b>* Including unrealised losses recognised on balances held at 30th June 2024</b>	<b>–</b>	<b>48</b>

There has been no change in valuation techniques for Level 2 and Level 3 fair value hierarchy classifications.

The fair value of derivatives used for hedging in Level 2 has been based on quotes from market makers or alternative market participants supported by observable inputs. The most significant observable inputs are market interest rates, exchange rates and yields.

The fair value of unlisted investments classified within level 3 is predominately determined using quotes from market makers, which use assumptions that are based on market conditions existing at each period-end date. The significant unobservable inputs used are yields and market prices. Changing these unobservable inputs based on reasonable alternative assumptions would not significantly change the valuation of the investments.

The fair value estimate of the put option over a non-controlling interest in the U.S.A. classified within Level 3 is determined using a discounted cash flow valuation technique and contains a number of unobservable inputs, including the expected fair value of the associated investment property at the expected time of exercise, the expected time of exercise itself and the discount rate used. The expected time of exercise is in 2024 and the discount rate used is 6.3% (31st December 2023: 6.3%).

The investment property's fair value at the expected time of exercise is itself subject to a number of unobservable inputs which are similar to the inputs for the Group's other completed investment properties, including the expected fair market rent and the expected capitalisation rate. If the investment property's expected fair value at the time of exercise is higher, the fair value of the put option would also be higher at 30th June 2024. If the expected time of exercise is later or if the discount rate is higher, the fair value of the put option would be lower. The opposite is true for an earlier time of exercise or a lower discount rate.

### (b) Fair values of financial assets and liabilities carried at other than fair value:

The carrying amounts of the Group's financial assets and liabilities carried at amortised cost are not materially different from their fair values at 30th June 2024 and 31st December 2023 except for the following financial liabilities, for which their carrying amounts and fair values are disclosed below:

	30th June 2024		31st December 2023	
	Carrying amount HK\$M	Fair value HK\$M	Carrying amount HK\$M	Fair value HK\$M
Long-term loans and bonds	42,755	42,198	41,169	40,598

## 19. Derivative Financial Instruments

The Group uses derivative financial instruments solely for management of an underlying risk. The Group minimises its exposure to market risk since gains and losses on derivatives offset the losses and gains on the assets, liabilities or transactions being hedged. It is the Group's policy not to enter into derivative transactions for speculative purposes.

	30th June 2024		31st December 2023	
	Assets HK\$M	Liabilities HK\$M	Assets HK\$M	Liabilities HK\$M
Interest rate and cross-currency swaps – cash flow hedges				
– due after one year	99	10	57	22

## 20. Trade and Other Receivables

	30th June 2024 HK\$M	31st December 2023 HK\$M
Trade debtors	375	500
Prepayments and accrued income	138	116
Amounts due from an intermediate holding company	1	1
Other receivables	3,070	2,889
	<b>3,584</b>	<b>3,506</b>

The analysis of the age of trade debtors at the period end (based on their invoice dates) is as follows:

	30th June 2024 HK\$M	31st December 2023 HK\$M
Up to 3 months	332	468
Between 3 and 6 months	21	14
Over 6 months	22	18
	<b>375</b>	<b>500</b>

There is no concentration of credit risk with respect to trade and other receivables, as the Group has a large number of customers.

The Group does not grant any credit terms to its customers, except to corporate customers in the hotel division where commercial trade credit terms are given.

## 21. Trade and Other Payables

	30th June 2024 HK\$M	31st December 2023 HK\$M
Trade creditors	859	1,046
Rental deposits from tenants	3,046	2,965
Deposits received on sale of investment properties	268	269
Put option in respect of a non-controlling interest	645	613
Other payables		
Accrued capital expenditure	1,139	1,155
Amounts due to an intermediate holding company	100	112
Amounts due to an associated company	26	13
Interest-bearing advances from an associated company	1,612	–
Advances from a non-controlling interest	1,314	1,236
Others	2,396	2,622
	<b>6,587</b>	5,138
	<b>11,405</b>	10,031
Amounts due after one year included under non-current liabilities	<b>(268)</b>	(268)
	<b>11,137</b>	9,763

The analysis of the age of trade creditors at the period end is as follows:

	30th June 2024 HK\$M	31st December 2023 HK\$M
Up to 3 months	859	1,046

## 22. Lease Liabilities

	30th June 2024 HK\$M	31st December 2023 HK\$M
Maturity profile at the period end is as follows:		
Within 1 year	85	80
Between 1 and 2 years	80	84
Between 2 and 5 years	171	180
Over 5 years	233	263
	<b>569</b>	607
Amounts due within one year included under current liabilities	<b>(85)</b>	(80)
	<b>484</b>	527

## 23. Deferred Taxation

The movement on the net deferred tax liabilities account is as follows:

	HK\$M
At 1st January 2024	13,994
Translation differences	(235)
Charged to profit or loss (note 9)	534
Charged to other comprehensive income	10
<b>At 30th June 2024</b>	<b>14,303</b>
Represented by:	
Deferred tax assets	(65)
Deferred tax liabilities	14,368
	<b>14,303</b>

## 24. Assets Classified as Held for Sale

Assets classified as held for sale represent the Group's 100% interest in investment properties comprising 7 car parking spaces at stages I to IX of the Taikoo Shing residential development in Hong Kong.

## 25. Share Capital

	Company	
	30th June 2024 HK\$M	31st December 2023 HK\$M
<b>Issued and fully paid with no par value:</b>		
At 30th June 2024 and 31st December 2023		
5,850,000,000 ordinary shares	<b>10,449</b>	10,449

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's shares during the period.

## 26. Reserves

	Revenue reserve HK\$M	Merger reserve HK\$M	Property revaluation reserve HK\$M	Cash flow hedge reserve HK\$M	Translation reserve HK\$M	Total HK\$M
At 1st January 2024	276,689	(1,108)	2,042	(57)	(2,933)	274,633
Profit for the period	1,796	–	–	–	–	1,796
Other comprehensive income						
Revaluation of properties previously occupied by the Group						
– gains recognised during the period	–	–	1	–	–	1
Cash flow hedges						
– gains recognised during the period	–	–	–	90	–	90
– transferred to net finance charges	–	–	–	(31)	–	(31)
– deferred tax	–	–	–	(10)	–	(10)
Share of other comprehensive income of joint venture and associated companies recognised during the period	–	–	–	–	(652)	(652)
Net translation differences recognised during the period	–	–	–	–	(989)	(989)
Total comprehensive income for the period	1,796	–	1	49	(1,641)	205
2023 second interim dividend (note 10)	(4,212)	–	–	–	–	(4,212)
<b>At 30th June 2024</b>	<b>274,273</b>	<b>(1,108)</b>	<b>2,043</b>	<b>(8)</b>	<b>(4,574)</b>	<b>270,626</b>

Note:

The Group's revenue reserve at 30th June 2024 includes HK\$1,989 million representing the declared first interim dividend for the year ending 31st December 2024 (31st December 2023: HK\$4,212 million representing the second interim dividend for 2023) (note 10).

## 27. Non-controlling Interests

The movement of non-controlling interests during the period is as follows:

	HK\$M
At 1st January 2024	3,067
Share of profit less losses for the period	94
Share of net translation differences	(37)
Share of total comprehensive income for the period	57
Capital contribution from a non-controlling interest	23
Dividends declared and/or paid	(67)
<b>At 30th June 2024</b>	<b>3,080</b>

## 28. Capital Commitments

	30th June 2024 HK\$M	31st December 2023 HK\$M
The Group's outstanding capital commitments at the end of the period in respect of:		
Property, plant and equipment		
Contracted but not provided for	33	35
Authorised by Directors but not contracted for	266	245
Investment properties		
Contracted but not provided for	5,443	5,795
Authorised by Directors but not contracted for	12,067	12,012
	<b>17,809</b>	18,087
The Group's share of capital commitments of joint venture companies at the end of the period (Note)		
Contracted but not provided for	1,930	850
Authorised by Directors but not contracted for	9,115	6,278
	<b>11,045</b>	7,128

Note:

Of which the Group is committed to funding HK\$939 million (31st December 2023: HK\$797 million).

At 30th June 2024, the Group was committed to inject capital of HK\$1,817 million (31st December 2023: HK\$275 million) into joint venture companies.

## 29. Contingencies

Guarantees outstanding at the end of the period in respect of bank loans and other liabilities of joint venture companies totalled HK\$4,062 million (31st December 2023: HK\$3,996 million). Bank guarantees given in lieu of utility deposits and others totalled HK\$63 million at the end of the period (31st December 2023: HK\$73 million).

## 30. Related Party Transactions

There is an agreement for services ("Services Agreement"), in respect of which John Swire & Sons (H.K.) Limited ("JS&SHK"), an intermediate holding company, provides services to various companies in the Group and under which costs are reimbursed and fees payable. In return for these services, JS&SHK receives annual fees calculated as 2.5% of the Group's relevant consolidated profit before taxation and non-controlling interests after certain adjustments. The Services Agreement was renewed on 1st October 2022 for three years expiring on 31st December 2025. For the six months ended 30th June 2024, service fees payable amounted to HK\$99 million (30th June 2023: HK\$106 million). Expenses of HK\$80 million (30th June 2023: HK\$66 million) were reimbursed at cost; in addition, HK\$59 million (30th June 2023: HK\$49 million) in respect of shared administrative services was reimbursed.

### 30. Related Party Transactions (continued)

Under a tenancy framework agreement (the “Tenancy Framework Agreement”) between JS&SHK, Swire Pacific Limited (“Swire Pacific”) and the Company dated 14th August 2014, members of the Group enter into tenancy agreements with members of the JS&SHK group and members of the Swire Pacific group from time to time on normal commercial terms based on prevailing market rentals. The Tenancy Framework Agreement was renewed on 1st October 2021 for a term of three years expiring on 31st December 2024. In May 2024, the Group announced that the Tenancy Framework Agreement will be renewed on 1st October 2024 for a further term of three years from 1st January 2025 to 31st December 2027. For the six months ended 30th June 2024, the aggregate rentals payable to the Group by members of the JS&SHK group and members of the Swire Pacific group under tenancies to which the Tenancy Framework Agreement applies amounted to HK\$52 million (30th June 2023: HK\$53 million) and HK\$24 million (30th June 2023: HK\$21 million) respectively.

The above transactions under the Services Agreement and the Tenancy Framework Agreement are continuing connected transactions, in respect of which the Company has complied with the disclosure requirements of Chapter 14A of the Listing Rules.

The following is a summary of significant transactions between the Group and related parties (including transactions under the Tenancy Framework Agreement), which were carried out in the normal course of the Group’s business, in addition to those transactions disclosed elsewhere in the financial statements.

		For the six months ended 30th June										
		Joint venture companies		Associated companies		Fellow subsidiary companies		Intermediate holding company		Other related parties		
Note		2024 HK\$M	2023 HK\$M	2024 HK\$M	2023 HK\$M	2024 HK\$M	2023 HK\$M	2024 HK\$M	2023 HK\$M	2024 HK\$M	2023 HK\$M	
	Purchase of services	(a)	–	–	–	–	19	17	–	–	–	–
	Rendering of services	(a)	35	31	–	–	–	–	1	1	–	–
	Rental revenue	(b)	–	–	–	–	24	21	52	53	1	1
	Rental expenses	(b)	6	5	–	–	–	–	–	–	–	–
	Revenue from hotels		7	7	–	–	1	2	1	1	2	2
	Interest income	(c)	73	54	2	–	–	–	–	–	–	–
	Interest charges	(c)	–	2	2	–	–	–	–	–	–	–

Notes:

- (a) Purchase and rendering of services from and to related parties were conducted in the normal course of business at prices and on terms no less favourable to the Group than those charged by/to and contracted with other suppliers/customers of the Group.
- (b) The Group has, in the normal course of its business, entered into lease agreements with related parties to lease premises for varying periods up to six years. The leases were entered into on normal commercial terms.
- (c) Loans advanced to joint venture and associated companies at 30th June 2024 are disclosed in notes 16 and 17. Advances from associated companies are disclosed in note 21.

# Supplementary Information

## Corporate Governance

The Company complied with all the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Part 2 of Appendix C1 to the Listing Rules throughout the accounting period covered by the interim report.

The Company has adopted codes of conduct regarding securities transactions by Directors and by relevant employees (as defined in the CG Code) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix C3 to the Listing Rules.

On specific enquiries made, all the Directors of the Company have confirmed that, in respect of the accounting period covered by the interim report, they have complied with the required standard set out in the Model Code and the Company’s code of conduct regarding Directors’ securities transactions.

The interim results have been reviewed by the Audit Committee of the Company and by the external auditors.

## Share Capital

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company’s shares during the accounting period covered by the interim report.

## Directors’ Particulars

Changes in the particulars of the Directors are set out as follows:

1. Lily Cheng resigned as an Independent Non-Executive Director of the Company with effect from the conclusion of the Company’s 2024 annual general meeting held on 7th May 2024 (the “2024 AGM”).
2. Yan Yan was appointed as an Independent Non-Executive Director of the Company with effect from the conclusion of the Company’s 2024 AGM.
3. Guy Bradley was elected Deputy Chairman of The Hong Kong General Chamber of Commerce with effect from 10th May 2024.
4. May Wu was appointed as an Independent Director, chairperson of the Audit Committee and a member of the Compensation Committee of MakeMyTrip Limited with effect from 15th May 2024 and ceased to be a member of the Audit Committee of Noah Holdings Limited with effect from 30th June 2024.
5. Fanny Lung ceased to be a member of the Financial Reporting Review Panel of the Accounting and Financial Reporting Council with effect from 15th July 2024.

## Directors' Interests

At 30th June 2024, the register maintained under Section 352 of the Securities and Futures Ordinance ("SFO") showed that Directors held the following interests in the shares of Swire Properties Limited and its associated corporations (within the meaning of Part XV of the SFO), John Swire & Sons Limited and Swire Pacific Limited:

Swire Properties Limited	Capacity			Total No. of Shares	Percentage of Voting Shares (%)	Note
	Beneficial Interest		Trust Interest			
	Personal	Family				
Merlin Swire	–	–	1,148,812	1,148,812	0.01964	(1)

John Swire & Sons Limited	Capacity			Total No. of Shares	Percentage of Issued Share Capital (comprised in the class) (%)	Note
	Beneficial Interest		Trust Interest			
	Personal	Family				
<b>Ordinary Shares of £1</b>						
Adam Fenwick	–	–	3,136,000	3,136,000	3.14	(2)
Merlin Swire	2,193,550	630,000	20,175,819	22,999,369	23.00	(1)
<b>8% Cum. Preference Shares of £1</b>						
Adam Fenwick	–	–	2,822,400	2,822,400	3.14	(2)
Merlin Swire	3,966,125	–	16,917,930	20,884,055	23.20	(1)

Swire Pacific Limited	Capacity			Total No. of Shares	Percentage of Voting Shares (comprised in the class) (%)	Note
	Beneficial Interest		Trust Interest			
	Personal	Family				
<b>'A' shares</b>						
Merlin Swire	–	–	301,000	301,000	0.0363	(1)
<b>'B' shares</b>						
Merlin Swire	–	–	1,799,222	1,799,222	0.0622	(1)

Notes:

(1) Merlin Swire was a trustee and/or a potential beneficiary of trusts which held 1,148,812 shares in Swire Properties Limited, 8,852,483 ordinary shares and 6,705,528 preference shares in John Swire & Sons Limited and 301,000 'A' shares and 1,799,222 'B' shares in Swire Pacific Limited included under trust interest and did not have any beneficial interest in those shares.

(2) Adam Fenwick was a trustee of a trust which held 3,136,000 ordinary shares and 2,822,400 preference shares in John Swire & Sons Limited included under trust interest and did not have any beneficial interest in those shares.

Other than as stated above, no Director or Chief Executive of the Company had any interest or short position, whether beneficial or non-beneficial, in the shares or underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

## Substantial Shareholders' and Other Interests

The register of interests in shares and short positions maintained under Section 336 of the SFO shows that at 30th June 2024 the Company had been notified of the following interests in the shares of the Company held by substantial shareholders and other persons:

Long position	Number of Shares	Percentage of Voting Shares (%)	Type of Interest	Note
Swire Pacific Limited	4,796,765,835	82.00	Beneficial owner	(1)
John Swire & Sons Limited	4,796,765,835	82.00	Attributable interest	(2)

Notes:

- (1) Swire Pacific Limited was interested in 4,796,765,835 shares of the Company as beneficial owner.
- (2) John Swire & Sons Limited and its wholly-owned subsidiary John Swire & Sons (H.K.) Limited were deemed to be interested in a total of 4,796,765,835 shares of the Company, in which Swire Pacific Limited was interested, by virtue of the John Swire & Sons Limited group being interested in 61.73% of the equity of Swire Pacific Limited and controlling 69.19% of the voting rights attached to shares in Swire Pacific Limited.

# Glossary

## Terms

References in this document to Hong Kong are to Hong Kong SAR (“HKSAR”).

**Attributable gross rental income** Gross rental income less amount shared by non-controlling interests plus the Group’s share of gross rental income of joint venture and associated companies, and adjusted with related rental concession recognised in the consolidated statement of profit or loss.

**Equity attributable to the Company’s shareholders** Equity before non-controlling interests.

**Gross borrowings** Total of loans, bonds and overdrafts.

**Net debt** Total borrowings and lease liabilities less short-term deposits and bank balances.

**Underlying profit** Reported profit adjusted principally for the impact of (i) changes in the fair value of investment properties, (ii) deferred tax on investment properties and (iii) amortisation of right-of-use assets reported under investment properties.

**Recurring underlying profit** Underlying profit adjusted for significant credits and charges of a non-recurring nature, including gains or losses on the sale of interests in investment properties.

## Ratios

$$\text{Earnings per share} = \frac{\text{Profit attributable to the Company's shareholders}}{\text{Weighted average number of shares in issue during the period}}$$

$$\text{Equity attributable to the Company's shareholders per share} = \frac{\text{Equity before non-controlling interests}}{\text{Number of shares in issue at the end of the period}}$$

$$\text{Interest cover} = \frac{\text{Operating profit}}{\text{Net finance charges}}$$

$$\text{Cash interest cover} = \frac{\text{Operating profit}}{\text{Total of net finance charges and capitalised interest}}$$

$$\text{Gearing ratio} = \frac{\text{Net debt}}{\text{Total equity}}$$

# Financial Calendar and Information for Investors

## Financial Calendar 2024

Interim Report available to shareholders	3rd September
Shares traded ex-dividend	4th September
Share register closed for 2024 first interim dividend entitlement	6th September
Payment of 2024 first interim dividend	9th October
Annual results announcement	March 2025
Annual General Meeting	May 2025

## Registered Office

Swire Properties Limited  
33rd Floor, One Pacific Place  
88 Queensway  
Hong Kong

## Registrars

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17M Floor, Hopewell Centre  
183 Queen's Road East  
Hong Kong  
Website: [www.computershare.com](http://www.computershare.com)

## Stock Code

Hong Kong Stock Exchange 01972

## Independent Auditors

PricewaterhouseCoopers  
Certified Public Accountants  
and Registered Public Interest Entity Auditor

## Investor Relations

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