恒隆集團有限公司

HANG LUNG GROUP LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 00010)

2021 INTERIM RESULTS

CONTENTS

FINANCIAL HIGHLIGHTS

in HK$ Million (unless otherwise stated)

RESULTS

For the six months ended June 30

	2021			2020		
	Property Leasing	**Property Sales**	**Total**	Property Leasing	Property Sales	Total
Revenue	**5,275**	**-**	**5,275**	4,457	-	4,457
- Mainland China	**3,526**	**-**	**3,526**	2,480	-	2,480
- Hong Kong	**1,749**	**-**	**1,749**	1,977	-	1,977
Operating profit	**3,870**	**(22)**	**3,848**	3,243	(4)	3,239
- Mainland China	**2,419**	**(9)**	**2,410**	1,620	(2)	1,618
- Hong Kong	**1,451**	**(13)**	**1,438**	1,623	(2)	1,621
Underlying net profit attributable to shareholders	**1,510**	**(12)**	**1,498**	1,338	(2)	1,336
Net increase/(decrease) in fair value of properties attributable to shareholders	**10**	**-**	**10**	(2,931)	-	(2,931)
Net profit/(loss) attributable to shareholders	**1,520**	**(12)**	**1,508**	(1,593)	(2)	(1,595)

	At June 30, 2021	At December 31, 2020
Shareholders' equity	**93,475**	92,105
Net assets attributable to shareholders per share (HK$)	**$68.6**	$67.6

Earnings and Dividend (HK$)	**2021**	2020
Earnings/(loss) per share		
- based on underlying net profit attributable to shareholders	**$1.10**	$0.98
- based on net profit/(loss) attributable to shareholders	**$1.11**	($1.17)
Interim dividend per share	**$0.21**	$0.19

Financial ratios	**At June 30, 2021**	At December 31, 2020
Net debt to equity ratio	**22.5%**	20.1%
Debt to equity ratio	**25.5%**	24.3%

REVIEW OF OPERATIONS

CONSOLIDATED RESULTS

For the six months ended June 30, 2021, total revenue and operating profit of Hang Lung Group Limited (the Company) and its subsidiaries (collectively known as "the Group") advanced by 18% and 19% to HK$5,275 million and HK$3,848 million respectively.

All revenue and profit growth were contributed solely by our property leasing business as no property sales revenue was recognized during the first half of 2021, nor the year prior.

The underlying net profit attributable to shareholders rose by 12% to HK$1,498 million. Underlying earnings per share climbed correspondingly to HK$1.10.

With a net revaluation gain of properties attributable to shareholders of HK$10 million, the net profit attributable to shareholders was HK$1,508 million (2020: net loss of HK$1,595 million). Earnings per share were HK$1.11 (2020: loss per share of HK$1.17).

Revenue and Operating Profit for the Six Months Ended June 30

	Revenue			**Operating Profit**		
	2021	2020	Change	**2021**	2020	Change
	HK$ Million	HK$ Million		**HK$ Million**	HK$ Million	
Property Leasing	**5,275**	4,457	18%	**3,870**	3,243	19%
Mainland China	**3,526**	2,480	42%	**2,419**	1,620	49%
Hong Kong	**1,749**	1,977	-12%	**1,451**	1,623	-11%
Property Sales	**-**	-	N/A	**(22)**	(4)	450%
Total	**5,275**	4,457	18%	**3,848**	3,239	19%

DIVIDEND

The Board of Directors has declared an interim dividend of HK21 cents per share for 2021 (2020: HK19 cents) to be paid by cash on September 29, 2021, to shareholders whose names are listed on the register of members on September 15, 2021.

PROPERTY LEASING

Total rental revenue of the Group grew by 18% to HK$5,275 million in the first half of 2021 as robust rental growth on the Mainland outweighed the decline in Hong Kong.

Our business on the Mainland showed strong resilience. Malls with a predominantly luxury tenant portfolio continued to report a surge in tenant sales since April 2020. Overall tenant sales doubled that of the first half of 2020 and were 10% above that of the second half of 2020, while the rental revenue of the malls jumped 38% in Renminbi (RMB) terms against the same period last year.

During the first half of 2021, Hong Kong was still suffering from the impacts of COVID-19 but started to show signs of recovery. Businesses and the overall retail environment in Hong Kong have yet to return to pre-pandemic levels under prolonged tightening of social distancing measures. We continued to grant rent relief to selected trades during the reporting period, but at a much-lowered level than in the same period last year, as market conditions started to stabilize.

Mainland China[1]

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

	Revenue (RMB Million)		
	2021	2020	Change
Malls	**2,232**	1,618	38%
Offices	**599**	542	11%
Residential & Serviced Apartments	**67**	64	5%
Hotel	**41**	22	86%
Total	**2,939**	2,246	31%
Total in HK$ Million equivalent	***3,526***	*2,480*	*42%*

Rental revenue and operating profit increased by 31% and 37% respectively in RMB terms. Including the 8.6% RMB appreciation against HKD compared to the last corresponding period, overall rental revenue and operating profit increased by 42% and 49% respectively in HKD terms.

All segments experienced significant growth partly due to a lower base in 2020 caused by the full force of the COVID-19 pandemic. A rise in the turnover rent of the malls and the improved occupancy rate of the offices played a role as well. Overall rental margin was at 69%.

1 percentage changes in respect of the mainland China portfolio are expressed in RMB terms unless otherwise specified.

The leasing portfolio has been demonstrating a healthy and sustainable upward trend. The revenue in the second half of 2020 was up 22% compared to the same period in 2019, or up 25% compared to the first half of 2020. It rose further, by 5% during the first half of 2021, versus the preceding six months.

After excluding the contribution from the Heartland 66 office tower and mall in Wuhan that opened in November 2020 and March 2021 respectively, revenue of our existing properties climbed by 28% against the first half of 2020 and by 3% against the second half of 2020.

- *Malls*

The entire mall portfolio on the Mainland collected 38% more in rents. Notable growth of 46% was captured by luxury-positioned malls, while the increase at sub-luxury malls was moderate at 3%.

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

Name of Mall and City	**Revenue** (RMB Million)			**Period-end Occupancy Rate**		
	2021	2020	Change	**June 2021**	December 2020	June 2020
Luxury malls						
Plaza 66, Shanghai	**874**	561	56%	**99%**	99%	95%
Grand Gateway 66, Shanghai	**565**	453	25%	**99%**	98%	94%
Forum 66, Shenyang	**51**	43	19%	**88%**	89%	83%
Center 66, Wuxi	**183**	107	71%	**95%**	96%	92%
Olympia 66, Dalian	**67**	67	-	**82%**	77%	80%
Spring City 66, Kunming	**127**	74	72%	**95%**	91%	84%
Heartland 66, Wuhan #	**43**	-	N/A	**71%**	N/A	N/A
	1,910	1,305	46%			
Sub-luxury malls						
Palace 66, Shenyang	**90**	85	6%	**92%**	88%	83%
Parc 66, Jinan	**150**	148	1%	**94%**	94%	92%
Riverside 66, Tianjin	**82**	80	3%	**76%**	76%	84%
	322	313	3%			
Total	**2,232**	1,618	38%			

opened in March 2021

Period-on-period tenant sales growth at our luxury malls ranged from 65% to 232%. Significant growth in the high-end goods market began in April 2020 as the effects of COVID-19 gradually subsided on the Mainland. Most of our luxury malls enjoyed double-digit growth in revenue except for Olympia 66 in Dalian, where major luxury brands will be opening only in the second half of 2021.

Sub-luxury malls, on the other hand, experienced a slower foot traffic-led consumption partly due to the sporadic COVID-19 outbreaks in those regions, leading to mild growth of 3%.

Luxury malls

The rental revenue derived from the **Plaza 66** mall in Shanghai and corresponding tenant sales leaped by 56% and 101% respectively, benefiting from the mall's Home to Luxury positioning together with the success of the HOUSE 66 customer relationship management (CRM) program. Intensified collaborations with tenants also contributed to the delivery of value and premium services to loyal customers, which in turn boosted tenant sales.

The **Grand Gateway 66** mall in Shanghai successfully completed its Asset Enhancement Initiative (AEI) and has started to reap its reward. Revenue and tenant sales were up 25% and 116% compared to the same period last year with the raising of the mall's positioning after the AEI and the addition of luxury content. The mall has established itself firmly as a regional lifestyle center with a comprehensive offering.

Despite sporadic cases of COVID-19 appearing during the period from late December 2020 to mid-January 2021, revenue of the **Forum 66** mall in Shenyang was up by 19% while tenant sales rose by 65% compared to the first half of 2020. The adverse impact of the recent COVID-19 cases was eased by effective marketing campaigns and customer engagement associated with the HOUSE 66 CRM program launched in August 2020.

Revenue and tenant sales of the **Center 66** mall in Wuxi rose by 71% and 190% respectively versus the same period last year, benefiting from the continued migration of luxury brands from other shopping malls in Wuxi, placing the mall in a solid position for sustainable growth.

With the transformation of the **Olympia 66** mall in Dalian into a luxury-led regional mall, a strong line-up of top-luxury brands has been progressively introduced since the third quarter of 2020. The majority will be opening in the third and fourth quarters of 2021. Although there were temporary vacancies during the transformation, the revenue of the mall was able to stay flat. Tenant sales posted a promising increase of 80% period-on-period, partly reflecting a low baseline. The subway connecting the mall to the metro station on Line 2, which opened in April 2021, was another contributing factor, bringing an improvement in footfall due to the added convenience to customers.

With a leap in turnover rent from strong luxury tenant sales, the **Spring City 66** mall in Kunming recorded 72% more revenue. The mall has positioned itself as the hub of prime luxury in the city and Yunnan province with several new prestigious brand openings in the second half of 2020.

Heartland 66 in Wuhan, being our tenth mall on the Mainland, was opened in March 2021. In just over three months of operation, the mall generated RMB43 million revenue and the occupancy rate reached 71% at the reporting date. 52% of leasable area have commenced operations as of June 30, 2021, while the majority of the well-known brands are scheduled to open in the second half of 2021. The mall has all the pedigrees to be the leader in the luxury-led regional lifestyle segment.

<u>Sub-luxury malls</u>

In spite of the local outbreak of COVID-19 in December 2020 and January 2021, tenant sales and footfall at the **Palace 66** mall in Shenyang quickly returned to normal once the pandemic subsided. Revenue and tenant sales climbed 6% and 51% respectively against the same period last year. We took the opportunity to replace non-performing shops with competitive and unique brands during the difficult times in 2020, in order to refresh and refine the tenant mix of the mall.

Revenue of the **Parc 66** mall in Jinan rose at a modest pace of 1% in the first half of 2021 while tenant sales grew by 48%. A three-year AEI was begun in June 2021 to enhance the positioning of the mall after almost a decade since opening in August 2011. The renovation is scheduled for completion in phases from 2022 onwards. We expect the transformation of Parc 66 to be another great success, leveraging on our experience in major asset enhancement initiatives in Shanghai. We will strive to keep the disturbance to our tenants and customers during the renovation to a minimal level.

The **Riverside 66** mall in Tianjin recorded revenue growth of 3% and a tenant sales increase of 79%. With the introduction of popular sports brands, fashion and accessories, and a variety of high-quality goods and services for families and children, along with a revamp in the food and beverage offering, we continue to strengthen the content of the mall.

- *Offices*

The office portfolio on the Mainland posted a 11% growth in revenue as more tenants moved in to our new towers opened during 2019 and 2020. Revenue from the other five towers located in Shanghai, Wuxi and Shenyang, on average, grew steadily by 3%.

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

Name of Office and City	Revenue (RMB Million)			Period-end Occupancy Rate		
	2021	2020	Change	**June 2021**	December 2020	June 2020
Plaza 66, Shanghai	**310**	300	3%	**95%**	93%	91%
Grand Gateway 66, Shanghai	**126**	120	5%	**98%**	99%	96%
Forum 66, Shenyang	**65**	62	5%	**97%**	90%	88%
Center 66, Wuxi [(a)]	**53**	47	13%	**84%**	72%	64%
Spring City 66, Kunming [(b)]	**35**	13	169%	**50%**	41%	22%
Heartland 66, Wuhan [(c)]	**10**	-	N/A	**34%**	15%	N/A
Total	**599**	542	11%			

[(a)] Center 66 Office Tower 2 in Wuxi opened in August 2019
[(b)] Spring City 66 office tower in Kunming opened in August 2019
[(c)] Heartland 66 office tower in Wuhan opened in November 2020

Facing keen competition from offices in non-core areas in Shanghai, the two office towers at **Plaza 66** in Shanghai recorded a mild revenue growth of 3%. With the high-quality tenant-customer engagement programs, superior customer service, and premium hardware, Plaza 66 reaffirmed its leading position in a highly competitive market.

Office tower revenue at **Grand Gateway 66** in Shanghai was up by 5%. The completion of the major AEI at the mall provided synergy for the office tower contributing to the retention of its quality tenants.

Revenue from the office tower of **Forum 66** in Shenyang was up by 5% with the occupancy rate reaching 97%. Forum 66 attracted and retained quality tenants despite ample new supplies in Shenyang. Forum 66 stands out for its prime location and high quality property management and services.

Revenue from the two office towers at **Center 66** in Wuxi climbed by 13% on an uplift in the occupancy rate, largely driven by the relocation of tenants from other properties as well as the internal expansion of existing tenants. Our first branded and self-operated multifunctional workspace, HANGOUT, launched in September 2020, was welcome by tenants and accelerated the leasing of the second tower.

Income from the **Spring City 66** office tower in Kunming soared by 169%. Prominent tenants were attracted by the prestigious location and premium facilities of this premier Grade A office tower. Modular spaces with high standard fit-out and furnishings were offered to enhance our product mix which in turn piqued the interest of high quality tenants looking for value-added services and premium products. This effective model has stimulated the leasing demands for the office tower.

The **Heartland 66** office tower in Wuhan, being the eighth office tower in our Mainland portfolio, commenced operations in November 2020. Rental revenue recognized during the period was RMB10 million, while the period-end occupancy rate was 34%. Like Spring City 66 in Kunming, we provided ready-to-use office premises to strengthen our competitive advantage. Heartland 66 established a landmark status in Wuhan as its popularity grew.

- *Residential & Serviced Apartments*

Income from residential and serviced apartments at **Grand Gateway 66** in Shanghai rose by 5%. The occupancy rate increased by eight points to 87% driven by higher domestic demand.

- *Hotel*

Conrad Shenyang generated revenue of RMB41 million, 86% more than in the first half of 2020. Room sales improved on the back of strengthening domestic demand, while food and beverage income bounced back as restaurants resumed full service, and meeting and events demand started to return.

Hong Kong

The Hong Kong economy continues to suffer from intermittent waves of the pandemic, with the fourth wave hitting the city from November 2020 to May 2021. Restaurants, cinemas, gyms, travel businesses, fashion wholesalers and education centers were markedly affected by the tightened social distancing measures and continued travel restrictions. During the reporting period, we continued to grant rent relief to selected tenants and trades to help them survive in the longer term. These relief measures along with our tenancy renewal and refinement strategy, helped to maintain a high occupancy rate and will further facilitate medium-term growth in the post-pandemic period. Through these efforts, revenue and operating profit were HK$1,749 million and HK$1,451 million respectively, 12% and 11% less than the last corresponding period. Rental margin increased by one point to 83%. Compared to the second half of 2020, revenue was down by 2%.

Properties located in Causeway Bay and Mongkok, which rely heavily on tourist footfall have been more affected. Tenants in specific industries, such as cinemas, gyms, restaurants, among others, have been more directly impacted by the social distancing measures introduced by the government.

Recent improvements in market sentiment have shown signs of recovery of the Hong Kong retail market since February 2021. Likewise, the amount of rent relief granted to selected trades was much lowered than in the second half of 2020. The launch of "hello Hang Lung Malls Rewards Program" along with the Hang Lung Malls App in March 2021 is targeted to accelerate this recovery. Customers can use the mobile platform to earn points and obtain promotional offers from our tenants with ease when visiting our malls.

We launched initiatives worth over HK$10 million in support of the government's COVID-19 vaccination drive. One such initiative includes "hello Hang Lung Malls Rewards Program" members who are fully vaccinated before the end of September 2021 will be entitled to e-shopping coupons upon a spending in our malls. The majority of our tenants have pledged their support of initiatives to bolster the vaccination drive.

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

	Revenue (HK$ Million)			Period-end Occupancy Rate		
	2021	2020	Change	**June 2021**	December 2020	June 2020
Commercial	**990**	1,143	-13%	**97%**	96%	97%
Offices and Industrial/Office	**643**	695	-7%	**88%**	87%	89%
Residential & Serviced Apartments	**116**	139	-17%	**56%**	56%	58%
Total	**1,749**	1,977	-12%			

- *Commercial*

The Hong Kong commercial portfolio recorded a 13% revenue drop to HK$990 million.

The **Causeway Bay portfolio** was acutely affected by the significant retreat in tourist arrivals and associated spending on beauty and fashion and accessories. Income from this portfolio contracted by 20%.

With high exposure to the fast-moving youth lifestyle and tourist-oriented trades, our **Mongkok portfolio** was also adversely impacted. Revenue at Grand Plaza and Gala Place declined by 25%. Nevertheless, we were able to maintain full occupancy of commercial zones at Gala Place with the successful leasing of the space vacated by the former three-story anchor tenant. The successor tenants are Foot Locker, a leading global athletic footwear and apparel brand, a new AEON STYLE concept store, and restaurants in a newly created dining cluster in the basement.

Kornhill Plaza in Hong Kong East and **Amoy Plaza in Kowloon East**, our community strongholds, were relatively defensive. Revenue at Kornhill Plaza and Amoy Plaza slipped by 7% and 9% respectively.

Peak Galleria earned 2% more in revenue versus the same period last year as the occupancy rate achieved 96% after refinement of the trade mix to better meet the needs of local consumers.

- *Offices and Industrial/Office*

Revenue of the office portfolio shrank by 7% to HK$643 million as a result of rent relief and a lower average occupancy rate. Hong Kong office rentals accounted for 37% of the total rental revenue in Hong Kong.

The impact of COVID-19 was most notable among our tenants in the businesses of beauty, gym, travel, fashion wholesale and education. The Mongkok and Causeway Bay portfolios recorded revenue drops of 4% and 29% respectively because of their weighting towards tenants with retail exposure. By contrast, the Central portfolio remained stable.

- *Residential & Serviced Apartments*

Serviced apartments are susceptible to the impact of travel restrictions, which have prevailed throughout the reporting period. Revenue retreated by 17% to HK$116 million together with the average occupancy rate at Kornhill Apartments and The Summit.

PROPERTY SALES

In June 2021, one Blue Pool Road house was sold. Sales revenue and profit from this transaction will be recognized upon completion of legal assignment in the first quarter of 2022. As such, no property sales revenue was recorded during the reporting period. Taking into account the pre-sale marketing expenses for projects to be launched in 2021 and other operating expenditures, operating loss from property sales for the six months ended June 30, 2021 was HK$22 million.

We continued to grab opportunities to dispose of non-core investment properties for capital recycling. In addition to the completion of sales of 44 car parking spaces made in 2020, we sold 15 more car parking spaces during the current period. The overall sale price was close to the valuation as of December 31, 2020; therefore, the amount of gain or loss was minimal.

PROPERTY REVALUATION

As of June 30, 2021, the total value of our investment properties and investment properties under development amounted to HK$204,048 million. The value of the mainland China portfolio and the Hong Kong portfolio was HK$141,886 million and HK$62,162 million, respectively. These properties were revalued by Savills, an independent valuer, as of June 30, 2021.

A revaluation gain of HK$606 million (2020: loss of HK$4,805 million) was recorded, representing a slight increase in valuation compared to the value as of December 31, 2020.

The mainland China portfolio recorded a gain of HK$1,360 million (2020: loss of HK$2,419 million), a 1% increase in valuation against year-end 2020, largely reflecting the expected recovery in the luxury malls. Valuation of offices was stable.

The Hong Kong portfolio had a revaluation loss of HK$754 million (2020: loss of HK$2,386 million), a 1% decline versus year-end 2020. The decrease was smaller compared to the 4% and 3% half-on-half drop in the first and second halves of 2020. Commercial and office segments reported a deeper drop, while apartments were more stable.

PROPERTY DEVELOPMENT AND CAPITAL COMMITMENT

The total values of development projects for leasing and for sale were HK$20,816 million and HK$10,220 million, respectively. These represented mainland China projects in Wuhan, Wuxi, Kunming, Hangzhou and Shenyang, and redevelopment projects in Hong Kong. At the reporting date, our capital commitments for the development of investment properties amounted to HK$19 billion.

Mainland China

With the opening of the **Heartland 66** mall in Wuhan in March 2021, remaining developments of three blocks of Heartland Residences are scheduled for completion in the last quarter of 2022. Superstructure construction works are in progress and, with prospect engagement to commence in end of 2021, we expect to launch the pre-sale of Heartland Residences in the first half of 2022.

Phase two of **Center 66** in Wuxi comprises two blocks of Center Residences and a hotel. Excavation and piling works are in progress. The project is expected to reach completion from 2023 onwards.

Remaining developments at **Spring City 66** in Kunming comprise the five-star Grand Hyatt Kunming hotel and luxury branded residences. Construction has begun and is scheduled for completion in 2023. The hotel is expected to open in the second half of 2023.

The piling works at **Westlake 66** in Hangzhou are making good progress. The project is an integrated high-end commercial development, consisting of a retail podium, five Grade A office towers and a Mandarin Oriental hotel. The project is scheduled for completion, in phases, from 2024 onwards.

The remaining phases of **Forum 66** in Shenyang comprise offices, the Forum Residences, and a retail podium with a total gross floor area of 502,660 square meters. Piling works are in progress and we are refining the master layout plan in parallel. The project is scheduled for completion, in stages, from 2025 onwards.

Hong Kong

Construction works at the Grade A office tower redevelopment at 226-240 Electric Road in North Point are in progress. The project is a joint development with our subsidiary, Hang Lung Properties Limited (Hang Lung Properties), inclusive of a retail area across the lower floors. Superstructure works have started and the project is scheduled for completion in late 2022.

The former Amoycan Industrial Centre in Ngau Tau Kok, close to MTR Kowloon Bay Station and the future East Kowloon Cultural Centre, is being redeveloped into residential units and some commercial areas on the podium floors. Construction works are on schedule, and the project is targeted for completion in 2023. The pre-sale of apartments is planned for the second half of 2021.

The land acquisition at 37 Shouson Hill Road in the Southern District of Hong Kong Island was completed in February 2021. We expected to receive the government approval of the plan to redevelop the site into low-density residential properties before the end of 2021.

FINANCING MANAGEMENT

An appropriate capital structure with multiple channels of financing and a high degree of agility has been maintained. We aim to ensure access to sufficient financial resources for meeting operational needs and business expansions and to cushion the Group from unexpected external financial shock. All financial risk management including debt refinancing, foreign exchange exposure, and interest rate volatility, is centrally managed and controlled at the corporate level.

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

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

As part of our ESG (Environmental, Social and Governance) initiatives, the Group continues to focus on sustainable finance with plans to increase its proportion in our entire debt portfolio. During the first half of 2021, we issued green bonds worth HK$2 billion and obtained three sustainability-linked loan facilities totaling HK$4 billion. All those are collectively referred as sustainable finance, which now accounts for 22% of our total debts and available facilities. We have plans to increase that proportion further.

- *Cash Management*

As of June 30, 2021, total cash and bank balances amounted to HK$4,845 million (December 31, 2020: HK$6,793 million). The balance decreased after discharge of construction fees for various projects under development and the balance payment for the acquisition of 37 Shouson Hill Road in Hong Kong. All deposits are placed with banks with high credit ratings. The counterparty risk is monitored on a regular basis.

The cash and bank balances at the reporting date comprised the following currencies:

	At June 30, 2021		At December 31, 2020	
	HK$ Million	*% of Total*	HK$ Million	*% of Total*
Denominated in:				
HKD	**319**	*7%*	2,631	*39%*
RMB	**4,374**	*90%*	4,021	*59%*
USD	**152**	*3%*	141	*2%*
Total cash and bank balances	**4,845**	*100%*	6,793	*100%*

- *Debt Portfolio*

At the balance sheet date, total borrowings amounted to HK$41,254 million (December 31, 2020: HK$38,770 million), of which 33% was denominated in RMB as a natural hedge to net investments in mainland China. The increase in debt balance against December 31, 2020 was mainly due to payments for construction in mainland China and Hong Kong.

Our fixed-rate borrowings mainly consist of Medium Term Notes (MTNs) and bank loans which are converted to fixed-rate by the use of interest rate swaps. The percentage of fixed-rate borrowings fell to 53% of total borrowings as of June 30, 2021 as a USD500 million MTN was redeemed in April 2021, despite a total of HK$2.7 billion MTNs issued during the first six months of 2021.

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

i) by currency (after currency swap):

	At June 30, 2021		At December 31, 2020	
	HK$ Million	*% of Total*	HK$ Million	*% of Total*
Denominated in:				
HKD	**27,814**	*67%*	25,860	*67%*
RMB	**13,440**	*33%*	12,910	*33%*
Total borrowings	**41,254**	*100%*	38,770	*100%*

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

	At June 30, 2021		At December 31, 2020	
	HK$ Million	*% of Total*	HK$ Million	*% of Total*
Fixed	**21,976**	*53%*	23,772	*61%*
Floating	**19,278**	*47%*	14,998	*39%*
Total borrowings	**41,254**	*100%*	38,770	*100%*

- *Gearing Ratios*

At the reporting date, the net debt balance amounted to HK$36,409 million (December 31, 2020: HK$31,977 million). Net debt to equity ratio was 22.5% (December 31, 2020: 20.1%) and debt to equity ratio was 25.5% (December 31, 2020: 24.3%). The increase in both ratios was largely due to capital expenditures and the balance payment for the acquisition of 37 Shouson Hill Road in Hong Kong.

Excluding the balances of Hang Lung Properties and its subsidiaries (HLP Group), the Company and its other subsidiaries had a net cash balance amounted to HK$455 million (December 31, 2020: net debt balance of HK$379 million).

- *Maturity Profile and Refinancing*

At the reporting date, the average tenure of the entire loan portfolio was 3.0 years (December 31, 2020: 2.8 years). The maturity profile was staggered over more than 10 years. Around 63% of the loans were repayable after two years.

	At June 30, 2021		At December 31, 2020	
	HK$ Million	*% of Total*	HK$ Million	*% of Total*
Repayable:				
Within 1 year	**8,594**	*21%*	7,863	*20%*
After 1 but within 2 years	**6,817**	*16%*	8,582	*22%*
After 2 but within 5 years	**20,903**	*51%*	19,102	*50%*
Over 5 years	**4,940**	*12%*	3,223	*8%*
Total borrowings	**41,254**	*100%*	38,770	*100%*

As of June 30, 2021, total undrawn committed banking facilities amounted to HK$14,281 million (December 31, 2020: HK$16,538 million). The available balances of the USD4 billion (December 31, 2020: USD4 billion) MTN Program amounted to USD1,905 million, equivalent to HK$14,792 million (December 31, 2020: HK$12,945 million).

Excluding the balances of HLP Group, the undrawn committed banking facilities of the Company and its other subsidiaries amounted to HK$3,650 million (December 31, 2020: HK$3,975 million).

- *Net Finance Costs and Interest Cover*

For the first half of 2021, gross finance costs increased 3% to HK$775 million. The impact of the increase in total borrowings was partially offset by the drop in the average effective cost of borrowings which was lowered to 3.9% (2020: 4.5%), favored by lower interest rates upon the refinancing of maturing debts.

The net amount charged to the statement of profit or loss increased to HK$238 million as finance costs capitalized for projects under development decreased after the completion of the mall and office at Heartland 66 in Wuhan.

Interest income for the period increased by 37% to HK$48 million mainly due to a temporary increase in average deposit balance.

Interest cover for the first six months of 2021 was 5 times (2020: 4 times).

- *Foreign Exchange Management*

Normal operations in mainland China and the MTN denominated in USD expose our business activities to foreign exchange fluctuations. Appropriate measures have been taken to mitigate our risk.

(a) RMB Exposure

Our RMB exposure mainly arises from the currency translation risk of the net assets of our subsidiaries in mainland China.

As of June 30, 2021, RMB denominated net assets accounted for about 71% of our total net assets. The RMB appreciated against the HKD by 1.1% compared with December 31, 2020. The translation of these net assets from RMB into HKD at the exchange rate as of the reporting date resulted in a translation gain of HK$1,279 million (2020: loss of HK$1,987 million), recognized in other comprehensive income/exchange reserve.

Our business operations and projects under development in mainland China are funded by internally generated cash flows, RMB borrowings, and capital injections from Hong Kong. We have adopted a systematic approach to mitigate the currency risks and practiced the strict discipline of not speculating on the movement of the RMB against the HKD. We regularly assess the level of funding needed for our mainland China projects based on factors such as regulatory constraints, project development timelines, and the market environment. Appropriate modifications to our funding plan will be conducted in light of changing circumstances.

(b) USD Exposure

Our USD foreign exchange exposure is related to the USD500 million fixed-rate bond issued in 2012, equivalent to HK$3,882 million at the reporting date. The related currency exchange risk was covered back-to-back by a USD/HKD cross-currency swap contract.

- *Charge of Assets*

Assets of the Group were not charged to any third parties as of June 30, 2021.

- *Contingent Liabilities*

The Group did not have any material contingent liabilities as of June 30, 2021.

CORPORATE INITIATIVES

The journey beyond our 60th anniversary, celebrated last year, has seen steps undertaken to inspire sustainable success for the coming six decades. The introduction of a new expression of our vision, mission, and values places sustainability at the core as a part of an integrated, long-term approach to embedding sustainability throughout our business lifecycle, while the updating of our motto, in English, to We Do It Well, emphasizes our commitment to action in the name of what is right and good. We have also refreshed our "66" brand with the "Pulse of the City" design concept for all large-scale complexes and assets across the Mainland and launched new staff uniforms for our front-of-house staff and supervisors in Hong Kong and on the Mainland, to distill our business development goals into clear company-wide purpose and a cogent branded customer experience.

Staff wellbeing has always been a central focus and plays a pivotal role in our corporate success. During the reporting period, we launched our first-ever employee engagement survey to better understand the needs and aspirations of our people. In support of community health and safety and the HKSAR Government's COVID-19 vaccination drive, we implemented an incentive scheme for our employees, including e-shopping coupons and paid vaccination leave, to get fully vaccinated by the end of September 2021, with additional incentives should vaccination among our Hong Kong workforce reach 70% by October 31, 2021.

Our sustainability goals and targets for 2030 continue to be an operational priority with Key Performance Indicators linked to established ESG standards fully integrated across all our businesses and linked to employee annual performance reviews. In the coming 18 months, more than HK$450 million of our spending will be on ESG priorities – HK$200 million more than what we had previously incurred on ESG priorities over an 18 month period. Our primary focus of this increased spending will be on carbon emissions reduction through energy efficiency initiatives and renewable energy applications for our existing and new properties. In addition, we are committed to investing more in health and wellbeing for employees and communities and in various initiatives related to resource management.

OUTLOOK

The robust performance of our luxury malls in mainland China is expected to continue. As more luxury brands will open in the second half at Olympia 66 in Dalian and Heartland 66 in Wuhan, they will fuel the revenue growth of our luxury malls. Our HOUSE 66 CRM program and tenant collaboration initiatives are also growth engines for tenant sales. The success of our non-conventional office leasing models, HANGOUT and modular office, will continue to accelerate the pace of leasing at the new office towers.

The leasing environment in Hong Kong has shown signs of recovery. The decline in global infection rates and mass vaccination programs around the world have shed some light on the situation. We can foresee a significant recovery when international travel normalizes and social distancing rules are relaxed. We believe the electronic Consumption Voucher Scheme organized by the HKSAR Government will be a catalyst for local spending in the second half this year. In the meantime, we focus on optimizing our tenant mix, protecting occupancy and stepping up our engagement with customers to capture local consumption.

For the property sales segment, the Group announced in June 2021 the debut of Hang Lung Residences, a premium serviced residences brand in mainland China with a planned rollout in Wuhan, Wuxi, Kunming and Shenyang. This new property sales revenue stream forms part of the Group's long-term vision for sustainable growth, further capitalizing our gross floor area and optimizing shareholder value. Pre-sale of Heartland Residences in Wuhan will begin in the first half of 2022.

The progress of the three redevelopment projects in Hong Kong are proceeding well. We continue to look for opportunities to sell completed residential properties and recycle capital out of non-core properties under favorable market conditions.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED JUNE 30, 2021 (UNAUDITED)

				For information purpose only	
		2021	2020	**2021**	2020
	Note	**HK$ Million**	HK$ Million	**RMB Million**	RMB Million
Revenue	2(a)	**5,275**	4,457	**4,396**	4,039
Direct costs and operating expenses		**(1,427)**	(1,218)	**(1,189)**	(1,104)
		3,848	3,239	**3,207**	2,935
Other net income	3	**33**	27	**28**	25
Administrative expenses		**(286)**	(307)	**(238)**	(279)
Profit from operations before changes in fair value of properties		**3,595**	2,959	**2,997**	2,681
Net increase/(decrease) in fair value of properties	2(b)	**606**	(4,805)	**502**	(4,393)
Profit/(loss) from operations after changes in fair value of properties		**4,201**	(1,846)	**3,499**	(1,712)
Interest income		**48**	35	**40**	32
Finance costs		**(238)**	(85)	**(199)**	(77)
Net interest expense	4	**(190)**	(50)	**(159)**	(45)
Share of losses of joint ventures		**(31)**	(167)	**(26)**	(154)
Profit/(loss) before taxation	5	**3,980**	(2,063)	**3,314**	(1,911)
Taxation	6	**(1,108)**	(433)	**(922)**	(391)
Profit/(loss) for the period	2(b)	**2,872**	(2,496)	**2,392**	(2,302)
Attributable to:					
Shareholders		**1,508**	(1,595)	**1,257**	(1,469)
Non-controlling interests		**1,364**	(901)	**1,135**	(833)
Profit/(loss) for the period		**2,872**	(2,496)	**2,392**	(2,302)
Earnings/(loss) per share	8(a)				
Basic		**HK$1.11**	(HK$1.17)	**RMB0.92**	(RMB1.08)
Diluted		**HK$1.11**	(HK$1.17)	**RMB0.92**	(RMB1.08)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED JUNE 30, 2021 (UNAUDITED)

			For information purpose only	
	2021	2020	**2021**	2020
	HK$ Million	HK$ Million	**RMB Million**	RMB Million
Profit/(loss) for the period	**2,872**	(2,496)	**2,392**	(2,302)
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Movement in exchange reserve:				
Exchange difference arising from translation to presentation currency	**1,289**	(2,007)	**(318)**	907
Net investment hedge – net (loss)/gain	**(10)**	20	**(9)**	18
Movement in hedging reserve:				
Effective portion of changes in fair value	**7**	(44)	**6**	(40)
Net amount transferred to profit or loss	**7**	46	**6**	42
Deferred tax	**(1)**	3	**(1)**	3
Item that will not be reclassified to profit or loss:				
Net change in fair value of equity investments	**(1)**	1	**(1)**	1
Other comprehensive income for the period, net of tax	**1,291**	(1,981)	**(317)**	931
Total comprehensive income for the period	**4,163**	(4,477)	**2,075**	(1,371)
Attributable to:				
Shareholders	**2,227**	(2,696)	**1,057**	(905)
Non-controlling interests	**1,936**	(1,781)	**1,018**	(466)
Total comprehensive income for the period	**4,163**	(4,477)	**2,075**	(1,371)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT JUNE 30, 2021

		(Unaudited)	(Audited)	*For information purpose only*	
		June 30, 2021	December 31, 2020	**June 30, 2021**	December 31, 2020
	Note	**HK$ Million**	HK$ Million	**RMB Million**	RMB Million
Non-current assets					
Property, plant and equipment					
Investment properties	9	**183,232**	173,235	**152,499**	145,654
Investment properties under development	9	**20,816**	27,544	**17,321**	23,181
Other property, plant and equipment		**249**	250	**207**	210
		204,297	201,029	**170,027**	169,045
Interest in joint ventures		**3,731**	3,781	**3,107**	3,173
Other assets		**1,435**	1,436	**1,195**	1,205
Deferred tax assets		**88**	91	**73**	76
		209,551	206,337	**174,402**	173,499
Current assets					
Cash and deposits with banks		**4,845**	6,793	**4,033**	5,706
Trade and other receivables	10	**3,124**	3,531	**2,600**	2,969
Properties for sale		**11,251**	8,009	**9,366**	6,731
Assets held for sale	11	**2**	69	**2**	58
		19,222	18,402	**16,001**	15,464
Current liabilities					
Bank loans and other borrowings		**8,594**	7,863	**7,155**	6,604
Trade and other payables	12	**9,699**	10,853	**8,072**	9,129
Lease liabilities		**26**	26	**22**	22
Current tax payable		**489**	659	**407**	554
		18,808	19,401	**15,656**	16,309
Net current assets/(liabilities)		**414**	(999)	**345**	(845)
Total assets less current liabilities		**209,965**	205,338	**174,747**	172,654

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued) AT JUNE 30, 2021

	(Unaudited)	(Audited)	*For information purpose only*	
	June 30, 2021	December 31, 2020	**June 30, 2021**	December 31, 2020
	HK$ Million	HK$ Million	**RMB Million**	RMB Million
Non-current liabilities				
Bank loans and other borrowings	**32,660**	30,907	**27,188**	25,962
Lease liabilities	**300**	302	**250**	254
Deferred tax liabilities	**15,416**	14,790	**12,828**	12,447
	48,376	45,999	**40,266**	38,663
NET ASSETS	**161,589**	159,339	**134,481**	133,991
Capital and reserves				
Share capital	**4,065**	4,065	**3,164**	3,164
Reserves	**89,410**	88,040	**74,631**	74,283
Shareholders' equity	**93,475**	92,105	**77,795**	77,447
Non-controlling interests	**68,114**	67,234	**56,686**	56,544
TOTAL EQUITY	**161,589**	159,339	**134,481**	133,991

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The interim results set out in the announcement do not constitute the interim report for the six months ended June 30, 2021 of Hang Lung Group Limited (the "Company") and its subsidiaries (collectively the "Group") but are extracted from the report.

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

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

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

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements.

The presentation currency of these consolidated financial statements is Hong Kong dollar. In view of the Group's significant business operations in mainland China, management has included additional financial information prepared in Renminbi in the consolidated financial statements. Such supplementary information is prepared on the same basis as 2020 as if the presentation currency is Renminbi.

1. Basis of preparation (Continued)

The financial information relating to the financial year ended December 31, 2020 included in this announcement of interim results as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended December 31, 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

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

2. Revenue and segment information

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

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

(a) Disaggregation of revenue

Revenue for the six months ended June 30, 2021 is analyzed as follows:

HK$ Million	**2021**	2020
Under the scope of HKFRS 16, *Leases*:		
Rental income	**4,673**	3,948
Under the scope of HKFRS 15, *Revenue from contracts with customers*:		
Building management fees and other income from property leasing	**602**	509
	5,275	4,457

2. Revenue and segment information (Continued)

(b) Revenue and results by segments

HK$ Million	**2021**			2020		
	Property Leasing	**Property Sales**	**Total**	Property Leasing	Property Sales	Total
Revenue						
- Mainland China	**3,526**	**-**	**3,526**	2,480	-	2,480
- Hong Kong	**1,749**	**-**	**1,749**	1,977	-	1,977
	5,275	**-**	**5,275**	4,457	-	4,457
Profit from operations before changes in fair value of properties						
- Mainland China	**2,269**	**(9)**	**2,260**	1,488	(2)	1,486
- Hong Kong	**1,348**	**(13)**	**1,335**	1,475	(2)	1,473
	3,617	**(22)**	**3,595**	2,963	(4)	2,959
Net increase/(decrease) in fair value of properties	**606**	**-**	**606**	(4,805)	-	(4,805)
- Mainland China	**1,360**	**-**	**1,360**	(2,419)	-	(2,419)
- Hong Kong	**(754)**	**-**	**(754)**	(2,386)	-	(2,386)
Net interest expense	**(190)**	**-**	**(190)**	(50)	-	(50)
- Interest income	**48**	**-**	**48**	35	-	35
- Finance costs	**(238)**	**-**	**(238)**	(85)	-	(85)
Share of losses of joint ventures	**(31)**	**-**	**(31)**	(167)	-	(167)
Profit/(loss) before taxation	**4,002**	**(22)**	**3,980**	(2,059)	(4)	(2,063)
Taxation	**(1,110)**	**2**	**(1,108)**	(433)	-	(433)
Profit/(loss) for the period	**2,892**	**(20)**	**2,872**	(2,492)	(4)	(2,496)
Net profit/(loss) attributable to shareholders	**1,520**	**(12)**	**1,508**	(1,593)	(2)	(1,595)

2. Revenue and segment information (Continued)

(c) Total segment assets

HK$ Million	**June 30, 2021**			December 31, 2020		
	Property Leasing	**Property Sales**	**Total**	Property Leasing	Property Sales	Total
Mainland China	**144,164**	**4,116**	**148,280**	140,137	3,739	143,876
Hong Kong	**63,257**	**7,137**	**70,394**	64,422	4,340	68,762
	207,421	**11,253**	**218,674**	204,559	8,079	212,638
Interest in joint ventures			**3,731**			3,781
Other assets			**1,435**			1,436
Deferred tax assets			**88**			91
Cash and deposits with banks			**4,845**			6,793
			228,773			224,739

3. Other net income

HK$ Million	**2021**	2020
Government grants	**29**	21
Ineffectiveness on cash flow hedges	**-**	1
Others	**4**	5
	33	27

4. Net interest expense

HK$ Million	**2021**	2020
Interest income on bank deposits	**48**	35
Interest expense on bank loans and other borrowings	**729**	708
Interest on lease liabilities	**8**	8
Other borrowing costs	**38**	35
Total borrowing costs	**775**	751
Less: Borrowing costs capitalized	**(537)**	(666)
Finance costs	**238**	85
Net interest expense	**(190)**	(50)

5. Profit/(loss) before taxation

HK$ Million	**2021**	2020
Profit/(loss) before taxation is arrived at after charging:		
Staff costs (Note)	**760**	694
Depreciation	**33**	28

Note: The staff costs included employee share-based payments of HK$29 million (2020: HK$32 million). If the amounts not recognized in the statement of profit or loss, including amounts capitalized, were accounted for, staff costs would have been HK$893 million (2020: HK$816 million).

6. Taxation in the consolidated statement of profit or loss

Provision for Hong Kong Profits Tax is calculated at 16.5% (2020: 16.5%) of the estimated assessable profits for the period. Mainland China Income Tax represents mainland China Corporate Income Tax calculated at 25% (2020: 25%) and mainland China withholding income tax calculated at the applicable rates. The withholding tax rate applicable to Hong Kong companies in respect of dividend distributions from foreign investment enterprises in mainland China was 5% (2020: 5%).

HK$ Million	**2021**	2020
Current tax		
Hong Kong Profits Tax	**155**	172
Mainland China Income Tax	**484**	335
Total current tax	**639**	507
Deferred tax		
Changes in fair value of properties	**340**	(180)
Other origination and reversal of temporary differences	**129**	106
Total deferred tax	**469**	(74)
Total income tax expense	**1,108**	433

7. Dividends

(a) Interim dividend

HK$ Million	**2021**	2020
Proposed after the end of the reporting period: HK21 cents (2020: HK19 cents) per share	**286**	258

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

7. Dividends (Continued)

(b) Final dividend approved and paid during the six months ended June 30, 2021

HK$ Million	**2021**	2020
2020 final dividend of HK63 cents (2019: HK63 cents) per share	**858**	858
2019 special dividend of HK26 cents per share	**-**	354
	858	1,212

8. Earnings/(loss) per share

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

HK$ Million	**2021**	2020
Net profit/(loss) attributable to shareholders	**1,508**	(1,595)

	Number of shares	
	2021	2020
Weighted average number of shares used in calculating basic and diluted earnings/(loss) per share (Note)	**1,361,618,242**	1,361,618,242

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

8. Earnings/(loss) per share (Continued)

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

HK$ Million	**2021**	2020
Net profit/(loss) attributable to shareholders	**1,508**	(1,595)
Effect of changes in fair value of properties	**(606)**	4,805
Effect of corresponding income tax	**340**	(180)
Effect of changes in fair value of investment properties of joint ventures	**79**	237
	(187)	4,862
Non-controlling interests	**177**	(1,931)
	(10)	2,931
Underlying net profit attributable to shareholders	**1,498**	1,336

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

	2021	2020
Basic	**HK$1.10**	HK$0.98
Diluted	**HK$1.10**	HK$0.98

9. Investment properties and investment properties under development

(a) Additions

During the six months ended June 30, 2021, additions to investment properties and investment properties under development amounted to HK$1,118 million (2020: HK$1,328 million).

(b) Valuation

The investment properties and investment properties under development of the Group were revalued as of June 30, 2021 by Mr. Charles C.K. Chan, Registered Professional Surveyor (General Practice), of Savills Valuation and Professional Services Limited, on a market value basis.

10. Trade and other receivables

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

HK$ Million	**June 30, 2021**	December 31, 2020
Not past due or less than 1 month past due	**84**	116
1 - 3 months past due	**8**	26
More than 3 months past due	**6**	11
	98	153

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

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

(c) Included in "other receivables" of the Group is a deposit of land acquisition in mainland China of HK$300 million (December 31, 2020: HK$297 million).

11. Assets held for sale

On June 17, 2021, the Group entered into a sale and purchase agreement with an independent third party to dispose of a car parking space at AquaMarine in Hong Kong. Accordingly, the asset is presented as "assets held for sale". The transaction is scheduled to be completed in August 2021.

The balance at December 31, 2020 represented 44 car parking spaces at AquaMarine and The Long Beach in Hong Kong which were disposed of in the first half of 2021.

12. Trade and other payables

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

HK$ Million	**June 30, 2021**	December 31, 2020
Due within 3 months	**1,775**	4,424
Due after 3 months	**3,516**	2,040
	5,291	6,464

OTHER INFORMATION

Employees

As of June 30, 2021, the number of employees was 4,315 (comprising 1,060 Hong Kong employees and 3,255 mainland China employees). The total employee costs for the six months ended June 30, 2021, amounted to HK$893 million. We provide competitive remuneration packages for all employees including discretionary bonuses payable based on individual performance. We regularly review remuneration packages to ensure that they comply with relevant regulatory requirements and market conditions. The Group has share option schemes and provides professional and high-quality trainings for employees.

Purchase, Sale or Redemption of Listed Securities

HLP Finance Limited, a non-wholly owned subsidiary of the Company, fully redeemed the US$500 million 4.45% guaranteed notes due 2021 (stock code: 5726) at principal amount upon maturity on April 16, 2021.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities during the six months ended June 30, 2021.

Compliance with Corporate Governance Code

During the six months ended June 30, 2021, the Company complied with the code provisions set out in the Corporate Governance Code as stated in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Review of Interim Results

The interim results for the six months ended June 30, 2021, have been reviewed by the Company's Audit Committee and auditor, KPMG.

Book Close Dates

Book close dates (both days inclusive)	September 14 to 15, 2021
Latest time to lodge transfers	4:30 pm on September 13, 2021
Record date for interim dividend	September 15, 2021
Payment date for interim dividend	September 29, 2021

On Behalf of the Board
Ronnie C. Chan
Chair

Hong Kong, July 29, 2021

As of the date of this announcement, the board of directors of the Company comprises the following directors:
Executive Directors: Mr. Ronnie C. CHAN, Mr. Adriel CHAN, Mr. Weber W.P. LO and Mr. H.C. HO
Non-Executive Directors: Mr. Gerald L. CHAN, Mr. George K.K. CHANG and Mr. Roy Y.C. CHEN
Independent Non-Executive Directors: Mr. Simon S.O. IP, Prof. P.W. LIU, Prof. L.C. TSUI and Mr. Martin C.K. LIAO

GLOSSARY

Financial Terms

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

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

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

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

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

Financial Ratios

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

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

$$\text{Net assets attributable to shareholders per share} = \frac{\text{Shareholders' equity}}{\text{Weighted average number of shares in issue during the period}}$$

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

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