恒隆地產
HANG LUNG PROPERTIES

2021
Interim Report

Hang Lung Properties Limited
Stock Code: 00101

We Do It Well

CONTENTS

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Adriel Chan *(Vice Chair)*
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Anita Y.M. Fung *BBS, JP**
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* *Independent Non-Executive Director*

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H.K. Chang *GBS, JP*
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NOMINATION AND REMUNERATION COMMITTEE

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Dominic C.F. Ho
H.K. Chang *GBS, JP*

AUTHORIZED REPRESENTATIVES

Weber W.P. Lo
Winnie Ma

COMPANY SECRETARY

Winnie Ma

REGISTERED OFFICE

28th Floor
Standard Chartered Bank Building
4 Des Voeux Road Central, Hong Kong
Tel: 2879 0111
Fax: 2868 6086
Website: http://www.hanglung.com
Email: HLProperties@hanglung.com

AUDITOR

KPMG
Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance

RESULTS AND DIVIDEND

Compared to the last corresponding period, revenue advanced 19% to HK$4,975 million for the six months ended June 30, 2021, in the absence of property sale income. Net profit attributable to shareholders was HK$2,235 million (2020: loss of HK$2,537 million). The corresponding earnings per share was HK50 cents.

Underlying net profit attributable to shareholders climbed 11% to HK$2,200 million when excluding property revaluation gain and all related effects. Earnings per share rose similarly to HK49 cents.

The Board has declared an interim dividend of HK18 cents per share payable on September 29, 2021 to shareholders of record on September 15, 2021. It represents an increase of HK1 cent. The last time that Hang Lung Properties raised interim dividend was in 2010.

BUSINESS REVIEW

Mainland investment properties now account for two-thirds of total rental revenue. There is a good reason for this, and a not-so-good one. The good reason is that our commercial complexes up north are all performing well, some very well. The not-so-good reason is that Hong Kong is still a drag, although indications are that the worst may be behind us. Business activities locally are picking up, albeit slowly.

Compared to the year before, tenant sales have soared in our Mainland luxury malls and have greatly improved in the sub-luxury ones. They rose, respectively, 122% and 56%. However, the first half of 2020 was abnormal because COVID-19 struck during the last few days of January, and its effects on consumption lasted until sometime in April 2020. As such, it is more meaningful to compare the half year under review to the same period of 2019. In that case, on a like-for-like basis, our top-end shopping centers did 137% more business this year. For our other properties, sales were up 6%.

A very pleasant event in the past six months was the inauguration of Heartland 66 in Wuhan on March 25. The 460,000-square-meter luxury complex was so named because Wuhan is in many ways truly at the heart or center of the country. It is where China's longest river, the Yangtze River (or Chang Jiang), meets a main north-south thoroughfare. Traditionally, it has been a major transportation hub, even to this day. The city is big with a population of over 11 million. Historically, it was one of the first inland cities to open to foreign trade and foreigners. It has always been an industrial town with many significant universities. Its stature in China is in many ways similar to Chicago in the U.S.

The location of Heartland 66 within the city of Wuhan is superb, and the site is very big. All the high-end shopping facilities are within two blocks from us. Our mall spans 177,000 square meters and houses basically all the world's top luxury brands. Most of them have migrated from elsewhere in the city, while others are new to the city. The near 150,000-square-meter office skyscraper was opened four months earlier in November 2020 and is already one-third occupied. The 130,000 square meters of serviced apartments will be ready for sale in the first half of next year. We have a total of 2,800 car parking spaces, which is, by far, more than any development in the neighborhood.

The initial performance of the mall has been very encouraging. As my readers know, Spring City 66 in Kunming opened 19 months earlier (in August 2019) and has been a huge success. Its retail space is about 6% smaller than Heartland 66 in Wuhan, but the two have the same market positioning —— both can be crowned as the top luxury mall in their respective cities. Judging from the results of Heartland 66 so far, it is running ahead of Spring City 66 for the same period. We anticipate the same for the office towers.

In terms of tenant sales, Spring City 66 is already the second highest in our portfolio outside Shanghai, next only to Center 66 in Wuxi. It should continue to trade well in the long term since it occupies a position of the undisputed market leadership. However, it will not surprise me if Heartland 66 in Wuhan surpasses it for the following reasons. Heartland 66 is a slightly larger facility; Wuhan is a bigger city in terms of population and economy compared to Kunming, and its citizens on average have higher consumption power. The only moderating factor is that, in terms of market dominance, Spring City 66 is stronger, i.e., it has less competition. It is probably too early to tell, since Heartland 66 is only four months old, but I believe that for now it has the potential to be the highest, or at least one of the highest, grossing malls we have outside Shanghai.

Although relatively small at about 120,000 square meters, the mall at Center 66 in Wuxi now has the highest tenant sales of all properties outside Shanghai. Momentum is still strong. The main part of the city only has about four million people, but it ranks among the top two or three in the country in terms of per capita wealth. For centuries, the residents in Wuxi have been known for being well-educated and highly entrepreneurial. Today, many manufacturing concerns that dot the region are among the best and the biggest in the world, in whatever niche they play. Traditionally, Wuxi people are among the most cultured in the country, which is reflected in their sophistication and refined tastes today. All these contribute to powerful sales at the city's number one luxury mall. I wonder how far consumption can grow, but for at least the next few years, I expect our rental to rise nicely.

The two office towers at Center 66 in Wuxi are leasing well with a combined occupancy of 84% —— 90% for the older and slightly bigger, and 74% for the other. Our tenants are among the most prestigious business names.

The two residential towers are now under construction. We plan to presell the serviced apartments in 2022 and have them ready for occupancy in 2024. We have also signed up a top international brand to manage our boutique hotel. Once all parts are completed, the complex will be most pleasing to all —— to us, financially, to our clients, and to the citizens of Wuxi, culturally. It is a gem in the very center of this lovely and thriving city.

The mall at Forum 66 in Shenyang is slowly improving. The high-rise office tower is fully occupied and its domestic and international tenants form an impressive list. It reflects China's economic significance in the world. Our Conrad Shenyang hotel is trading well, and is the go-to place for business leaders, opinion leaders, and the wealthy, alike. They come not only from the city but all around the region.

In a few short months, all the world-class luxury brands that have signed leases at Olympia 66 in Dalian will have opened for business. This is why we have internally reclassified the mall as luxury. (As a result, we will only have three in the sub-luxury malls category in our portfolio of ten retail properties.) Phase two, which accounts for some 13% of total space, is just having shops open as I write. The tunnel that links our property to the subway station was inaugurated three months ago. All these point towards a rise in tenant sales beginning at the end of this year. The growth curve next year may be quite steep, the rate of which may be among the highest in our portfolio. Rent rises will follow.

To round out our luxury malls, the two in Shanghai, Plaza 66 and Grand Gateway 66, seem for now unstoppable. Compared to the year before, tenant sales more than doubled, yet this pales beside our other five-star facilities —— Spring City 66 in Kunming more than tripled at 232%, and Center 66 in Wuxi almost tripled at 190%. Given market abnormality in the first half of 2020, we compare the last six months with the second half of last year. Most of our luxury malls grew by double digits, led by Center 66 in Wuxi at 33%, Olympia 66 in Dalian at 25% and Spring City 66 in Kunming at 19%. Only Plaza 66 in Shanghai and Forum 66 in Shenyang were in the single-digit territory. As suggested in my last letter, Grand Gateway 66, which saw the completion of its Asset Enhancement Initiative (AEI) only in November 2020, outperformed Plaza 66. It rose by 16%. In the coming six to 12 months, I will not be surprised if the trend continues.

Because sales figures are those of our tenants and not shown in our financial reporting, I have highlighted them above. To be sure, sustainably more sales will sooner or later translate to higher rents. Presently at relatively high turnover rent levels in most of our properties compared to the past, base rent can be expected to rise at the next lease renewal. (Over the years and with few exceptions, our malls have primarily relied on fixed base rent, a practice which we will strive to continue.)

Another way of anticipating future rental levels is to look at the occupancy cost to our tenants. In general, luxury shops with much richer profit margins should be able to bear a higher occupancy cost. At present, our malls are low compared to history. There is room for them to rise through rent increases.

Our three sub-luxury malls are faring acceptably. As a group, tenant sales rose 56% over the same period of 2020 and 3% over the previous six months. The AEI at Parc 66 in Jinan began last month and will take two to three years to complete. Disruption to tenants will be kept to a minimum, but rents will inevitably be somewhat affected. The good news is that several luxury brands have already signed leases and will start moving in two years from now. This ushers in a gradual transformation of the facility to luxury status, which will take several years to complete.

Contributing to the recent successes of our Mainland malls was the nationwide CRM (or Customer Relationship Management) program known as HOUSE 66. It was initiated by our former CEO, Mr. Philip Chen, but taken to today's heights by our current CEO, Mr. Weber Lo. By last year, we had completed the rollout to all our facilities, and by the time we met with the press and analysts to discuss our results in early July 2021, we had already surpassed the one-million-users mark. Heartland 66 in Wuhan was the first of our shopping centers that was inaugurated with it, and it has greatly lifted the stickiness of our most valuable customers. Our reward is their loyalty, resulting in sustained increases in tenant sales. Shoppers are happy, our tenants are happy, and so are we.

All our Mainland offices are doing well. In spite of oversupply everywhere, our two older properties, namely Plaza 66 in Shanghai and Forum 66 in Shenyang —— saw occupancy between 95% and 97%. Even the newer facilities are filling up. As reported earlier, the two towers in Center 66 in Wuxi are, respectively, at 90% and 74%, the newer building being 22 months old. Spring City 66 in Kunming, which also opened in August 2019, just crossed the halfway mark, while Heartland 66 in Wuhan is one-third occupied after less than eight months in operation.

One reason for the satisfactory result is the inauguration in mid-2020 of our own brand of multi-functional workspace called HANGOUT. Our other new product of modular offices was launched at the same time and has also proven popular. The two help to fill up our new office buildings faster, and they also command higher rents than the conventional leases. Innovation in business models can be lucrative. The first HANGOUT is located in Center 66 in Wuxi, while modular offices have been installed in Spring City 66 in Kunming and Heartland 66 in Wuhan. As appropriate, we will do more.

Westlake 66 in Hangzhou is proceeding as planned. We are already in serious discussions with many top luxury brands regarding shop layout and eventually lease contracts, even though the mall (and some office towers) are not expected to top out until the end of 2024 at the earliest. Four months ago, we signed a management agreement with Mandarin Oriental, which is one of the world's most prestigious hotel brands. Its truly five-star status will complement the top luxury fashion names that are expected to be our mall tenants.

Just as critical is the overall design of the entire complex which entails a mall, a hotel, and five mid-rise office towers. (They are mid-rise because of height restrictions, given the proximity to the undisputedly most scenic in-city lake in China —— the West Lake. The tallest of the five is 150 meters, with a commanding view of West Lake.) All building structures are put in a garden setting that juxtaposes in perfect harmony modern architecture with several old buildings preserved within. The development sits right next to Wulin Square, which is the city center. In some ways, we are redefining the traditional downtown of this most beautiful of all Chinese cities. It also happens to be economically a near tier-one municipality.

Six months ago, I invited our newly appointed Vice Chair, Adriel, to start offering his thoughts to shareholders. He wrote the inaugural *Vice Chair's Notes* on three topics: (1) Our Vision, Mission, and Values (or VMV), (2) sustainability, and (3) technology. Given the renewed VMV, it is perhaps appropriate that we should adjust our English motto from **We Do It Right** to **We Do It Well**. The Chinese version, which is richer in meaning, remains unchanged. It encompasses the dual meaning of **We Do It Well** and **We Do It Right**. As explained in my interim *Letter to Shareholders* of 2020, the former is a matter of quality in decision and execution, whereas the latter implies strongly ethical behavior. To make it succinct in the English language, we only use the latter. This "rightness" is clearly included in the first of four focuses of the "Value" part of our Vision, Mission and Values —— integrity. It is also something that is already in the genes of our corporate culture, an emphasis that dates back to our founding 61 years ago. As such, it seems reasonable to now emphasize another focus of the fourfold value, that of excellence, hence **We Do It Well**.

This is also an opportune time to refresh our corporate image. The logo for the "66" brand used on the Mainland has been redesigned. I hope you like it. There is much brand equity associated with the name all over the country. On the Mainland, we have adopted the simplified Chinese characters used there. This way, we identify more closely with the local communities where the majority of our customers live.

Due to the pandemic, nowadays Hong Kong residents cannot enter the Mainland without 14 or 21 days of quarantine, depending on the destination. This effectively cuts off most business travel. Whereas before COVID-19, I traveled north every month, my last visit was December 2019 which was 19 months ago! After returning in May from four months on the Mainland and visiting 20 cities, what Adriel described to me seemed to be a new land that I have never visited. Apparently, social and not just economic advancements have been brisk. (Adriel has informed me that among other topics, he would share with our shareholders his observations from his latest trip in his second *Vice Chair's Notes*. It comes out concurrently with this letter.) If anything, his experience has strengthened the resolve of management to pursue the Mainland market with renewed vigor.

Hong Kong rental remains weak although indications are that the worst for retail space should be over. The same is true for offices. Any recovery, however, may be slow.

Four weeks after my last *Letter to Shareholders* dated January 28, and before the Annual Report 2020 went to print, the hiccup in the closing of the tender we won last September for the Shouson Hill site was satisfactorily resolved. As a result, we published an addendum to that effect on February 25.

Planning is ongoing for five or six sizable stand-alone houses, each with a private garden and a swimming pool. I expect the final product to be more luxurious than any that we have developed so far. Especially given the superb location and ocean view, interest in such houses has been keen. But for now, we will make sure that the development is well-designed, well-constructed, and executed expeditiously.

We continue to receive inquiries for our development on Blue Pool Road. Last month, we sold one house whose transaction is expected to close in the first quarter of 2022. As such, profit therefrom will not be reflected in this year's accounts. Suffice it to say that the price received was rather satisfactory.

All constructions on the Mainland and in Hong Kong are basically on schedule. The Company remains comfortably geared. Net debt to equity is below 25%.

Preparations are being made to sell all our Mainland serviced apartments outside Shanghai. This may be a good time to say a word about the Chinese housing market. This is a topic asked of me often by shareholders and non-shareholders alike and is closely related to our business.

A few years ago, I publicly stated that the golden era of Mainland housing market was over. Demand will always exist but the way the market, and so market participants, behave will be different from before. What is amazing is that humankind has seldom seen an industry so big and essential to society expanded so quickly and now wane so fast. The industry began less than 30 years ago when the Central Government privatized housing. Before the early 1990's, I could hardly use the words "housing market" for there was none. Everything was owned by the State.

Given societal need, the entrepreneurship of the Chinese people and the then irregularities of the economy, the industry exploded. For all practical purposes, for the first time in 50-60 years, city dwellers could buy their own lodging. This was a new phenomenon yet an ancient tradition because of the importance of family and home in Chinese culture. As the salaries of average citizens rose along with overall economic growth, demand took off. And where there is demand, supply will follow to the extent feasible.

Hundreds of real estate developers popped up and some became extraordinarily large. They are, in fact, among the biggest in the world in terms of number of apartments constructed and sold annually. Yet, almost all of them were founded in the early to mid-1990's. In other words, in about 20 years, they achieved the top few spots globally in size. This is not unusual for technology companies but not for supposedly asset-heavy industries like homebuilders. The only reason is the size of the Chinese market and the relaxed regulatory environment of the time.

The by-product of this phenomenon, and some would say the cause of it, is a group of dynamic and risk-taking entrepreneurs of various backgrounds. They rose to prominence and rank among the wealthiest in the world once their companies were publicly listed. Because we are more or less in the same business, I have met most of the big players. Obviously, they each have their own distinct abilities that contribute to their amazing success.

The game they played in the past decades was definitely not for the faint-hearted. It was primarily a contest of size and speed. In today's high-tech sector, some companies can keep growing bigger and bigger but never make a profit. They talk about the burn rate (how much money they have to spend annually to pursue a dream) and not financial returns. So, among the Chinese homebuilders of the past two to three decades, some cared only for the size of their land bank and the number of units or square meters constructed, but much less for profitability. After all, until recently, they could somehow borrow money from banks, raise equities, and even issue bonds. The sustainability of their business model was of little concern to them. They seemed to be only fixated on beating the next person in numbers. It became almost irrational to us observers.

The more sensible among those developers were definitely the state-owned enterprises (SOEs). Their CEOs have real bosses —— government agencies that own those SOEs. By contrast, private developers, although publicly listed, hardly have any effective supervision over them. Shareholders can only vote with their feet —— sell the stocks if they are unhappy. So, the wild game continued, which could not have a good ending. I publicly warned them, but few would listen.

As predicted, a few years ago, the more audacious of the bunch started to have financial difficulties. Some of them began to diversify into many fields from selling bottled drinks to manufacturing steel and, more recently, electric vehicles. These are bad omens for the industry. If the real estate model which is supposed to be lucrative —— and it was for about two decades —— could continue, why diversify into completely unrelated industries? The only explanation is that their risky homebuilding game could not continue indefinitely. In other words, their business model is not sustainable.

There is another layer of complication. Housing is critical to the stability of any society and its economy. The dollar amount involved is big —— very big. As such, every national government watches this industry carefully. Given the Chinese history of the past decades, it is especially sensitive. Consequently, Beijing interferes regularly. This is certainly understandable, although the means employed often surprise people.

(For a discussion on the subject, I refer my readers to my 2019 year-end *Letter to Shareholders* of our controlling shareholder of Hang Lung Group. Another writing, including my analysis on why in the past almost 30 years, powerful Hong Kong developers did not and could not succeed in that sector, can be found in my annual *Letter to Shareholders* of 2004-2005. At that time, the fiscal year-end was June 30.)

What will happen to this sector? It will always be there, as there is a genuine social need for mass housing. However, profit margins will be greatly squeezed which means that the risks will seriously increase. It has actually started already. Developers will continue to chase numbers, i.e., to become bigger, for that is the only way to make more money given thin margins. In the process, some will be allowed to go bankrupt. The sector will further consolidate into fewer big players until the government steps in to rightly break up near monopolistic situations. We will unlikely see the same excesses of the past two decades. The "golden era" came and went, in lightning speed.

Our residential units on the Mainland are all serviced apartments that are part of a huge commercial complex. They sit on top of or right next to a mall, one or more office towers, and possibly a hotel. As a result, we are differently categorized by the government and so are not subjected to the same rules as regular housing. There are advantages and disadvantages, but on balance, we are pleased with what we have. We only participate in the luxury end of the market which has different dynamics from mass housing. We expect to make reasonable profits in all four projects of Heartland 66 in Wuhan, Center 66 in Wuxi, Spring City 66 in Kunming, and Forum 66 in Shenyang.

More significantly, our overall business of focusing on rental of commercial space is much more sustainable than the homebuilding craze of the past almost 30 years. It is much less regulated by the government, if at all, for we do not affect the fundamental needs of society like basic housing.

Frankly, we somewhat foresaw this critical difference in the early 1990's. Our first project on the Mainland, around the same time as Grand Gateway 66, was actually a stand-alone high-rise apartment block also in Shanghai. It was a typical residential development for sale to the masses. Comparing it and Grand Gateway 66, we decided to get out of the mass homebuilding business in the mid-1990's and focused instead on high-end commercial complexes for rent. With hindsight, it was a correct decision.

PROSPECTS

As in the past two years, upcoming challenges will primarily emanate from external factors. Of the three recent troubles, the Hong Kong riots are now behind us. The National Security Law (NSL) enacted 13 months ago and the subsequent amendments to the electoral rules have effectively restored peace. The question now is how to rebuild society. The most critical factor to watch is who will be our city's next Chief Executive come July 1, 2022. We should know latest by next spring. This is a critical time for Hong Kong, and this person will set the course of our future beyond his or her five-year term.

Our second challenge is still COVID-19. I fear that humankind will have to live with it for a lot longer than people had hoped. Because many Hong Kong citizens are hesitant to get the vaccine, even though it is readily accessible and free, this hampers the efforts to reopen the border. This is very damaging to our economy. Look at nearby Macau, the other Special Administrative Region (SAR) like us. Because they have managed the pandemic better, there are much less travel barriers between them and the Mainland. Consequently, they are benefiting from the thriving economy of the Motherland.

What remains is the last of the three major external challenges —— deteriorating China-U.S. relations. To me, this is the one area which may, for better or worse, affect our business the most and possibly for a very long time. Since I have previously written on the subject, I will not belabor it here.

Suffice it to say that, short of a direct military conflict with the U.S., China should be able to continue to grow economically as she becomes more international in her outlook and in her commercial activities. Being the only major country on earth of size which is economically capable of self-sustaining, America will also move forward, although she may no longer be as global as she once was. In both countries, I believe that there will be many opportunities for business, especially those that are domestically oriented.

For Hang Lung, our primary business is in mainland China and is basically of a domestic nature. We rely on local consumption. In fact, I believe that the niche in which we play is one of the sweet spots in the country. If we execute well, our future should be bright, as long as there is a relatively peaceful environment.

Let me now turn to a few salient issues on our home base, Hong Kong. As I had previously written, the riots of 2019 have seriously damaged our city's economic prosperity. The good old days are not to return anytime soon. Mainland citizens whose consumption was a major source of our wealth have completely altered their previously favorable views of our city. Beijing's attitude towards us has also fundamentally changed. Bending over backwards for 20-some years to please us has left them disappointed. This SAR had become chaotic and frankly ungovernable. Beijing was forced to use the only measure that could restore order and stability. It began with the NSL. Fortunately, it worked. Peace has been restored but the economy has been irreparably damaged. We need to look for new impetus for growth.

In the near future, Hong Kong will have to rely heavily on its one remaining key industry —— financial services. It produces a disproportionate amount of GDP, but its direct job-creating capacity is limited. Nevertheless, it has many ripple effects on the economy and creates jobs indirectly. As such, it is critical that we do our best to keep our status as an international financial center. The one big unknown is that the U.S. will surely try to derail us.

Closer to Hang Lung is another local industry that is also significant to our economy, that of real estate, especially residential. Hang Lung started over 60 years ago as a home developer in Hong Kong, and we still build them when attractive opportunities present themselves. However, this is no longer our primary business. We have not bought land for mass residential developments for about two decades. Today, we only participate in the luxury housing sector as evidenced by our purchase of the Shouson Hill site less than a year ago.

Nevertheless, mass residential is a very important part of our economy and society. It will in turn affect our commercial rental operations. Frankly, it is a subject that evokes emotional responses from many locals. A number of our international shareholders have also enquired about my opinion. As such, I should briefly comment.

At the heart of the problem of high residential prices is land shortage. Six months ago, I presented the reasons for the undersupply. Here I will expand a little. To refresh my readers' memories, I stated that all major efforts of the government to sell land after 1997 were blocked by opposition legislators, namely, the so-called pro-democrats. Their publicly stated goal was to first bring down the Hong Kong government, followed by their dream of a regime change in Beijing, something that they absolutely could not have attempted without massive foreign aid, financial or otherwise. The opposers had publicly stated these intentions of theirs.

Knowing how sensitive housing was to the local populace, the opposition's tactic was simple. Yet, how few have publicly explained it. Namely, they thwarted all government land sales efforts including any related legislation. Examples include landfill projects, new town developments, rezoning efforts, etc. With pitifully little land supply, residential prices soared. They blamed the government for incompetence and hence it must be brought down. They wanted to run Hong Kong not as a part of China. At issue was not economics; it was politics.

What is unfortunate is that such a populist narrative has been bought —— hook, line, and sinker —— by our community. We know that everywhere, East and West, few people truly exercise independent thinking. Consequently, the populace is easily swayed by ill-intentioned populist press and loud social voices. Thus, on the issue of Hong Kong land supply, not only taxi drivers and waiters condemned the government, even highly educated citizens believed the same.

Here is an anecdote. Earlier this year I was at the home of a local friend who graduated from one of the top American universities. He is in the manufacturing business and is also a financial investor. Also present were a university president, a renowned economist, a high-tech entrepreneur, and a senior government official. I purposely posed the question to all: who must bear the primary responsibility for our city's shortage of land? All but the civil servant who kept silent said, "Of course, it is the government!" I then proceeded to explain why that was not the case. Upon finishing, there was dead silence. No one could dispute my arguments that it was the opposition politicians who were the primary culprits for our land shortage. Let me further explain.

First, did government officials have a motive not to sell land? Of course not! By not selling, they would become a public enemy. No one in his or her right mind would want that for himself or herself. If so, then the only other possible explanation was the incompetence of such officials. But that too could not be true. Almost all of our government leaders are graduates of top local universities. Those are institutions that I could only have dreamed of attending as a young man.

Consider, also, the fact that shortly after Hong Kong's first Chief Executive (CE) Mr. C.H. Tung announced his plans in 1997 to provide 85,000 units per year for multiple years, the then Financial Secretary (later our second CE) Mr. Donald Tsang soon identified sufficient land for 10 years of housing supply at that level. Unfortunately, the Asian Financial Crisis struck on July 2, 1997, and the plan was inevitably scrapped. But the land did not disappear. Much of that remain available today.

So why did successive administrations not sell land? This is because of the opposition in the Legislative Council (LegCo) that obstructed any land sales. This was critical to their political game plan as spelled out earlier. Whenever government officials brought land matters to the legislature, the opposition blocked them. In fact, they verbally abused our civil servants regularly. Being normal human beings like you and me, those officials dreaded their sessions in LegCo. Who could blame them?

This way, the opposition won: land prices soared, housing became super expensive and unaffordable, our citizens complained, and those opposition legislators criticized the government for incompetence, exclaiming that the government must be thrown out. Once the populace bought into this narrative, then opposition leaders were reelected with ease. The fact of the matter is: they were the offenders. These perpetrators created havoc, blamed their targeted "enemy" (the government), and then led the public to "execute" the wrongly accused. They may have eventually succeeded, if not for the NSL.

To further strengthen my case: our third CE Mr. C.Y. Leung (from 2012 to 2017) is a chartered surveyor by profession and is recognized as a top expert in the industry. In the 1980's, he personally penned the first land sales contracts in Shenzhen and Shanghai. He is a socially minded individual who seeks for a more egalitarian society. He surely had the ability as well as the motivation to sell land. Yet try as he did, he could not for the five years as the head of the SAR government. By then, the political environment in Hong Kong had already been totally poisoned by the opposition.

Whatever anyone thinks about the present CE Mrs. Carrie Lam, she, too, is socially minded, and was for many years our Secretary for Development in charge of land and housing. Although knowledgeable and willing, she also failed to sell land, again blocked by those politicians. As a result, our housing remains one of the most expensive in the world. The underlying reason is political, not economic.

So, what will housing prices be like moving forward? Given the NSL and a new electoral regime, unconscionable behavior in LegCo with devious motives should be kept in check. I am hopeful that in the future, we will be able to steer clear of factional infighting. If all these could be worked out, then land supply in the coming years should increase. Land costs will moderate, as will residential prices.

Given strong demand, I am not worried about a market collapse. There is little incentive for anyone to want that. After all, about half of our citizens already own a lodging. They would certainly like to see the value of their biggest investment be maintained. As such, I am rather sanguine about the industry.

That said, it will take a lot more for our overall economy to resume healthy growth. As I have repeatedly stated in public, it must be more integrated with that of the Mainland. In particular, our future lies with the Greater Bay Area, or GBA, given the determination of the central government to develop it. With a population of well over 80 million, the GBA includes Hong Kong, Shenzhen, and Guangzhou, three big and very important cities. Accounting for about 6% of the country's population, it produces 12% of its economic output. With a GDP of almost US$1.7 trillion, it is the world's 12th largest economy. In terms of growth rate, it must be twice the world's average. Hong Kong would be unwise not to take advantage of this opportunity.

However, there are two daunting challenges that my city need to overcome. Overcoming them is not impossible, but it will take determination and leadership.

In Hong Kong, the primary dialect is Cantonese, but very few of the rest of the 1.4 billion Chinese use it. They speak Putonghua which is very different in pronunciation. People who speak only either cannot understand each other. Yet, without a common spoken language, the social and economic integration of Hong Kong with the rest of the GBA, and indeed with the rest of the country, will be, in my opinion, very difficult. It is not easy to find many successful cases elsewhere in the world where two groups speaking two mutually unrecognizable dialects can work together well, let alone seamlessly. In economic parlance, we have to minimize friction to gain efficiency.

One encouraging fact is that over the past two decades or so, almost all Hong Kong children are taught Putonghua at school as a subject. They can manage but how fluent they are is questionable. For our economic good, I have advocated its adoption in our local schools —— kindergarten, primary schools, and middle schools —— as the primary teaching medium. Being a very expressive spoken dialect, Cantonese, like any other dialect, should be preserved. However, it should be mainly used colloquially at home or on the streets. All official or semi-official discussions, including those for business, should be held in Putonghua.

There is a second reason to use Putonghua. This relates to the other challenge that must be overcome if Hong Kong were to be integrated, economically and otherwise, into the rest of China, including the GBA. Namely, whereas this former colony has legally returned to her Motherland on July 1, 1997, the hearts of many of our citizens have not. Key to this is the issue of national identity, including cultural identity. These must be adequately addressed. Speaking a dialect different from that on the Mainland will make it doubly difficult.

All this leads me to a simple but critical business decision: given the uncertainty that our city faces, we should not be blindly optimistic about our near- to medium-term social and economic future. It is wise to be cautious at this time.

Before sharing my assessments on Hang Lung's near-term performance, I would like to mention one other challenge. Although not as urgent as the U.S.-China divide, it is nevertheless extremely important: climate change.

Some six years ago, I was invited to address a group of graduate students at a top American university. I presented eight issues that will each cause detriment to a swath of humanity. For sure they will all happen, but I do not know their order of appearance. We can do something to mitigate the risk of some but not others. In the latter category, humankind is helpless.

The first three issues —— natural catastrophes, man-made global warming, and pandemic —— are all directly or indirectly related to climate change. (Pandemics are a subject that we now personally experience yet scientifically we know so little.) Of late, calamities relating thereto have befallen humankind in many parts of the world. Floods, draughts, forest fires, extreme climates, and accentuated weather patterns are but a few of the manifestations. I fear that they will directly impact many businesses, and none of us can escape them. Vengeance has caught up with humankind for all that we have done to the planet. Nature is no longer respecting us, because we did not respect nature.

This is why your Company pays great attention to sustainability. I doubt if all of us working together can completely avert disasters. But if we do not at least try, then payback time will come even earlier, and with greater force. Frankly, we have no choice but to act decisively.

Let me finally turn to our Company's likely performance in the near future. In Hong Kong, domestic consumption reached its peak in 2018. It will unlikely be surpassed for a long time. As a result, retail rental does not have a bright future, and overall commercial rent levels will have to adjust downward.

Our office market will depend, to a good extent, on the financial services industry as indicated earlier. Although recent rents seem to have firmed, the market may not become vibrant anytime soon. The overall economy will unlikely be strong in the next few years, yet a new supply of Class A space in Central in the coming two to three years will be more than what Hong Kong has seen in a very long time.

The only attractive market is in the residential sector. Mass housing should be acceptable, but we will only participate when we deem the timing auspicious. The last such opportunity was in 2001, exactly 20 years ago, when we bought several pieces of land on the cheap, including that for The HarbourSide. Otherwise, we will go for luxury houses such as the Shouson Hill site that we recently bought. But to be frank, such opportunities are limited.

For the past 30 years, we have increasingly cast our lot with the Mainland market. That strategy seems more attractive today than ever. Barring unforeseen circumstances, we should perform well in the coming few years, especially in luxury malls. The sub-luxury ones should do acceptably but not great.

Since the second half of any calendar year usually has stronger consumption than the first, our Mainland malls should continue to perform well in the rest of the year. Office leasing is anticipated to progress similar to the first half of the year. Hong Kong rental is expected to slowly recover, thus lessening the drag on overall results for the full year. The overall rental picture is thus quite encouraging.

As reported, the house on Blue Pool Road that was sold last month is expected to close early next year. We will do our best to part with the remaining units whenever the offer price meets with our approval. As before, we are not under pressure to sell, and so will try to maximize profit.

Residential sales on the Mainland will not begin in earnest until next year. Profits therefrom will start to appear in 2023 and should last for several years.

All construction projects should proceed full steam ahead. The commercial complex Westlake 66 being built in Hangzhou is particularly significant to our continued growth. As well, we are always searching for new land to buy in new metropolises as well as in cities where we already have a presence. Our business model dictates that we can sustain our growth momentum as long as we succeed to buy a nice big piece of land every few years.

We live in a troubled world. The two best places to invest in the coming decade are, I believe, China and the U.S. Both have huge domestic markets. While the latter is highly developed and sophisticated, the former is still at a relatively early stage of economic and social development. I always believe that it is easier to make money in real estate in developing economies, for faster growth lifts all boats. What is required in such fast-evolving markets is a stable environment that is relatively corruption-free. At present, China appears to be at that sweet spot. There are many fast-growing business opportunities of which luxury mall ownership is one. The chances are fairly good that even with possible geopolitical turmoil, the domestic Chinese market will proceed acceptably. If so, then we should be one of the beneficiaries in the years to come. I remain cautiously optimistic.

Ronnie C. Chan
Chair
Hong Kong, July 29, 2021

Six months ago, I wrote my inaugural *Vice Chair's Notes* from Shanghai. After four months there, I have returned to Hong Kong, where I write this interim note. The information garnered from that trip, where I visited 20 cities (including Wuhan —— four times), has been both valuable and surprising. At the end of this note, I will highlight a few of our sustainability initiatives, which we have spent much time and energy crystalizing and refining, in order to align with our 2030 goals and targets announced last December.

In short, it is gratifying to see that the observations that I made earlier this year have come through in our very healthy interim results. Without exception, tenant sales, foot traffic, and rentals are up across our Mainland portfolio, and not insignificantly. Here in Hong Kong, we continue to suffer from the drag-on effects of the COVID-19 pandemic and closed borders, but it looks like we have reached the trough.

Year-on-year, our overall Mainland property leasing business grew by 33% in RMB terms, within which mall rentals grew by 38%, and offices by 12%. Notably, our luxury mall rentals grew by a staggering 46%, while sub-luxury malls grew by a modest 3%. This shows a two-tiered recovery, clearly driven by high-end consumption. I will return to this later.

In this note, I hope to add some color to our financials: how our stakeholders and consumers feel, the attitude on the street, and how Hang Lung is responding.

On my travels, I gauged the economy and sentiment in various non-scientific ways. In addition to what you might expect, i.e., the standard itinerary of visiting retail malls and outlets, meeting customers, tenants, local governments, contractors, consultants, etc., I have endeavored collection of less formal data. This comes partially from my strong network of on-the-ground friends and acquaintances —— built over dozens of years visiting mainland China, and six years living in Shanghai —— who give me genuine, unbiased feedback, and partially from my unique approach to getting to know cities.

Firstly, our mid-term results show very clearly that mainland China has been experiencing a super-strong recovery; this much is obvious when you walk through our malls (or, in fact, any main street on the Mainland.) Speaking with anyone living in mainland China, there is an immense sense of optimism, dynamism, and progress. This is difficult to quantify, but the excitement is palpable, and I have cross-checked this with multiple sources, from regional consumer brand heads, to investors, to China observers; everyone senses the same intense buzz. If we accept that the sentiment and sales performance are reliable indicators, the natural follow-up questions are: what is driving such robust consumption, and is it sustainable?

There are many reasons for the especially strong luxury consumption, but I will only focus on three:

1) Primarily, as a result of the global pandemic, international travel has all but stopped. If you trust the Bain & Company's report on mainland China's luxury consumption, which came out several years before the pandemic, the mainland Chinese had been spending something like two times as much on luxury goods outside of mainland China as they had within. That is, for every RMB100 spent on Louis Vuitton on the Mainland, they were spending around RMB200 outside. Mathematically, this tracks surprisingly closely to our observed first half tenant sales increase of over 122% in our luxury malls. Of course, our tenant sales also include those of other trades like entertainment and F&B, not just luxury, which is why our figure was less than 200%.

2) In addition to the inability to travel, there is, of course, the continuing structural growth of the Chinese middle class, which brings with it a desire for better living standards, including luxury products. I expect this trend to continue for the foreseeable future, which you might tie very roughly with the country's GDP growth. If you believe in China's ability to execute her latest five-year-plan, then it should be safe to assume that this growth will continue for at least the next five years. On top of this, we also expect to benefit from the increased focus on internal high-quality consumption, and urbanization.

3) Another unique driver for luxury consumption in mainland China is the lack of domestic investment options. (Similarly, this partly explains the Chinese love for investing in property.) Unlike in developed countries that have deep and sophisticated investment markets which include stocks, bonds, derivatives, foreign currency, real estate, wine, art, and everything in-between, a wealthy Chinese individual has a comparatively limited set of investment options. There is a large but relatively unsophisticated stock market, a recently opened bond market (with few good options), many questionable "wealth management products", and not much else. This explains why the Chinese real estate sector is as popular as it is, but also explains the P2P (peer to peer) lending craze several years back. As affluent Chinese continue to look for investment opportunities, the art and fine wine markets have understandably made leaps and bounds over recent years. It is no wonder, then, that wealthy Chinese should also spend freely on luxury goods. After all, do not LVMH, Kering, Richemont, Chanel, and Hermès seem to be constantly raising prices? Why not invest in a Birkin or a Rolex, since it is all but guaranteed to appreciate, and can be enjoyed immediately?

With these three reasons for sales volumes in mind, the question turns to whether or not it is sustainable.

Given the current state of the world, the most immediate question surrounds point 1), that is, the repatriation of luxury consumption to mainland China as a result of the pandemic. Will the Chinese flock back to Paris, Milan, London, Tokyo, or Hong Kong once travel restrictions have eased, thus re-expatriating all the retail growth that we have seen in the past year or so?

For several reasons, I am confident that we will not see a mass exodus when travel returns. Firstly, and quite unfortunately, it seems that this state of pandemic uncertainty will linger for quite a while longer. Optimists point at 2022, while I have heard more conservative experts talking about 2024 or even 2025 for a return to normal. That said, even when "normal" does return, it will almost certainly not come overnight. Secondly, by the time we reach that point, Chinese luxury consumers will have built up both the habit and the relationships that are so crucial in luxury spending. They will no longer want to line up in the rain on the Champs-Elysees, and then not be able to buy the bag that they want because they do not have the purchase history with that store nor the relationship with a sales associate. However, due to the pandemic, within mainland China, the same customer will have built up the purchase history as well as the relationships, which will allow them access to the most coveted bags, not to mention much better service. On top of these, Hang Lung is also building strong relationships with customers, which we hope will make them even more loyal to us.

Points 2) and 3) are relatively more structural, or at least further out of our zone of influence, so I will not expand on them here, though I would love to discuss these with you at our next AGM or on an investor call.

Coming back to my earlier point on a two-tiered recovery, there are two observations that give me pause. First is that our recovery is clearly driven by our luxury malls, and so there is a question about the type of returns that we should expect from our sub-luxury malls. Second, and perhaps more disconcerting, is that there appear to be lingering regional hangovers from the pandemic. On my travels, I asked my friends and colleagues about the status of *their* friends' and family's income and employment, and only in the Northeast were there colleagues whose friends or family were asked to take no-pay leave, to take pay cuts, or to leave their companies. Especially since the world, including mainland China, is now facing the rapid spread of the Delta and other variants, this is something to keep an eye on.

The point about luxury outperforming sub-luxury is also worth exploring. There are several explanations for this. I believe that the main reason is the uneven impact of the pandemic on different strata of society. The pandemic has shown, across the world, that the under-privileged/poor suffer disproportionately more than the wealthy. Malls that cater to a more mass market will naturally reflect this.

Secondly, the relative underperformance of our sub-luxury malls reflects the acceleration of a trend that was already far along in China, that is, the shift to e-commerce for goods that are most suited to it. This has meant that mass-market malls which sell lower priced discretionary products have been impacted more than luxury malls. I interpret the fact that we have still seen growth in our sub-luxury malls as a continued consolidation of the market into our best-in-market offerings.

I would also like to take this opportunity to highlight the solid progress Hang Lung has made in our sustainability endeavors over the past six months. Working toward the 2030 sustainability goals and targets that we announced last year, we have started and completed various programs covering all ESG aspects. Some highlights include identifying specific KPIs for each department to achieve this year (under "governance"), an annual greenhouse gas (GHG) mitigation plan for our scope 1 and scope 2 GHG emissions (under "environment"), and our first ever employee engagement survey, which managed to capture feedback from over 97% of our staff across both Hong Kong and mainland China (under "social").

To help us achieve our ambitious sustainability goals, we have expanded the sustainability team this year. However, rather than continuously growing the team into a blunt instrument, my goal is to use the purposefully small team as a lever, working with every department to ensure that the entire company is angled toward sustainability, embedding the necessary metrics and culture to achieve sustainability leadership.

Despite the uncertain backdrop of the COVID-19 pandemic, China-U.S. relations, and climate change, I feel very good about both Hang Lung's business as well as the direction in which the market is heading. We occupy a very unique —— but also unparalleled —— space in mainland China's high-end retail sector which has already begun to blossom, and I look forward to reaping the rewards in the coming years.

The velocity of change over the past year has been immense, but our strong and experienced team has managed to help us deliver an outstanding set of results. For this, I must give my colleagues every credit —— and my sincere thanks —— for helping us navigate these uncharted waters.

Adriel Chan
Vice Chair
Hong Kong, July 29, 2021

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	**4,975**	**–**	**4,975**	4,184	–	4,184
– Mainland China	**3,295**	**–**	**3,295**	2,277	–	2,277
– Hong Kong	**1,680**	**–**	**1,680**	1,907	–	1,907
Operating profit	**3,652**	**(22)**	**3,630**	3,045	(4)	3,041
– Mainland China	**2,257**	**(9)**	**2,248**	1,480	(2)	1,478
– Hong Kong	**1,395**	**(13)**	**1,382**	1,565	(2)	1,563
Underlying net profit attributable to shareholders	**2,220**	**(20)**	**2,200**	1,993	(4)	1,989
Net increase/(decrease) in fair value of properties attributable to shareholders	**35**	**–**	**35**	(4,526)	–	(4,526)
Net profit/(loss) attributable to shareholders	**2,255**	**(20)**	**2,235**	(2,533)	(4)	(2,537)

	At June 30, 2021	At December 31, 2020
Shareholders' equity	**139,038**	138,295
Net assets attributable to shareholders per share (HK$)	**$30.9**	$30.7

Earnings and Dividend (HK$)

	2021	2020
Earnings/(loss) per share		
– based on underlying net profit attributable to shareholders	**$0.49**	$0.44
– based on net profit/(loss) attributable to shareholders	**$0.50**	($0.56)
Interim dividend per share	**$0.18**	$0.17

Financial ratios

	At June 30, 2021	At December 31, 2020
Net debt to equity ratio	**24.6%**	21.3%
Debt to equity ratio	**27.5%**	25.6%

CONSOLIDATED RESULTS

Total revenue and operating profit of Hang Lung Properties Limited (the Company) and its subsidiaries (collectively known as "Hang Lung Properties") for the six months ended June 30, 2021 both increased by 19% to HK$4,975 million and HK$3,630 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.

Underlying net profit attributable to shareholders increased by 11% to HK$2,200 million. Underlying earnings per share correspondingly rose to HK$0.49.

When including a net revaluation gain of properties attributable to shareholders of HK$35 million, Hang Lung Properties reported a net profit attributable to shareholders of HK$2,235 million (2020: net loss of HK$2,537 million) and a corresponding earnings per share of HK$0.50 (2020: loss per share of HK$0.56).

Revenue and Operating Profit for the Six Months Ended June 30

	Revenue			Operating Profit		
	2021	2020		**2021**	2020	
	HK$ Million	HK$ Million	Change	**HK$ Million**	HK$ Million	Change
Property Leasing	**4,975**	4,184	19%	**3,652**	3,045	20%
Mainland China	**3,295**	2,277	45%	**2,257**	1,480	53%
Hong Kong	**1,680**	1,907	–12%	**1,395**	1,565	–11%
Property Sales	**–**	–	N/A	**(22)**	(4)	450%
Total	**4,975**	4,184	19%	**3,630**	3,041	19%

DIVIDEND

The Board of Directors has declared an interim dividend of HK18 cents per share for 2021 (2020: HK17 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

The overall rental revenue of Hang Lung Properties for the six months ended June 30, 2021 increased by 19% to HK$4,975 million. The robust rental growth on the Mainland could more than offset the retreat in Hong Kong.

On the Mainland, our businesses displayed strong resilience during the period. Malls rich in luxury content continued to experience a significant jump in tenant sales since April 2020. Overall tenant sales more than doubled compared to that of the first half of 2020 and were 10% higher than 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 continued to endure the adverse effects of COVID-19 but started to show signs of recovery. Under the continued tightening of social distancing measures, businesses and the overall retail environment in Hong Kong have yet to recover to pre-pandemic levels. We continued to grant rent relief to selected trades in Hong Kong during the reporting period, but at a much reduced level period-on-period as market conditions started stabilizing.

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	**473**	422	12%
Hotel	**41**	22	86%
Total	**2,746**	2,062	33%
Total in HK$ Million equivalent	***3,295***	*2,277*	*45%*

Rental revenue and operating profit increased by 33% and 40% respectively in RMB terms. Including the 8.6% RMB appreciation against HKD over the corresponding period last year, overall rental revenue rose by 45% and operating profit grew by 53% in HKD terms.

All segments reported notable growth partly due to a lower base in 2020 caused by the pandemic. The increase in the turnover rent of the malls and the uplift of the occupancy rate of the offices also played a part. Overall rental margin was at 68%.

Comparing revenue during the first half of 2021 and the second half of 2020, revenue grew by 5%. This is encouraging, which demonstrates a sustainable growth given that revenue in the second half of 2020 was already 24% above that of the same period in 2019.

Excluding the new income stream from the Heartland 66 office tower and mall in Wuhan, which opened in November 2020 and March 2021, respectively, revenue increased by 31% against the first half of 2020 and by 3% against the second half of 2020.

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

- *Malls*

The mall portfolio earned 38% more revenue. Significant growth of 46% was experienced at luxury-positioned malls, compared to a more moderate 3% at sub-luxury malls.

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

	Revenue (RMB Million)			**Period-end Occupancy Rate**		
Name of Mall and City	**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

Our luxury malls benefited from the sequential growth in the high-value goods market, which began in April 2020, as well as from the subsidence of COVID-19 on the Mainland. Period-on-period tenant sales growth in these malls ranged from 65% to 232%. As a result, luxury malls all enjoyed double-digit revenue growth except for Olympia 66 in Dalian, as the majority of its luxury brands will open only in the second half of 2021.

On the other hand, sub-luxury malls reported a moderate growth of 3%, reflecting a slower foot traffic-led consumption and sporadic COVID-19 outbreaks in those regions.

Luxury malls

Being the Home to Luxury coupled with the success of our HOUSE 66 customer relationship management (CRM) program, rental revenue from the **Plaza 66** mall in Shanghai jumped 56% period-on-period while tenant sales surged by 101%. We will continue to deliver value and premium services to our loyal customers through intensifying collaboration with our tenants, which will in turn drive tenant sales.

The successful completion of the Asset Enhancement Initiative (AEI) at the **Grand Gateway 66** mall in Shanghai has started to bear fruit. As an integral part of the AEI, the mall's positioning has been enriched with the addition of luxury content. Revenue increased 25% and tenant sales leaped by 116% period-on-period. Grand Gateway 66 is now strongly established as a regional lifestyle center with a comprehensive offering.

The **Forum 66** mall in Shenyang delivered acceptable results despite another wave of COVID-19 infections from late December 2020 to mid-January 2021. Revenue and tenant sales increased by 19% and 65% respectively versus the same period last year. Effective marketing campaigns and customer engagement in our HOUSE 66 CRM program launched in August 2020 at Forum 66 helped to mitigate the adverse impact of the recent COVID-19 outbreak.

Benefiting from the continued migration of luxury brands to the **Center 66** mall from other shopping centers in Wuxi, revenue and tenant sales surged by 71% and 190% respectively against the corresponding period last year, placing the mall in a solid position for sustainable growth.

Olympia 66 in Dalian is undergoing a transformation into a luxury-led regional mall. A strong line-up of top-luxury brands has been entering progressively since the third quarter of 2020, with the majority preparing for opening in the third and fourth quarters of this year. Meanwhile, revenue from the Olympia 66 mall has stayed flat while absorbing the effect of transitional voids and disruption. Tenant sales posted a promising increase of 80% compared to the first half of 2020, partly reflecting the low base of the last corresponding period. In April 2021, the subway connecting the mall to the metro station on Line 2 was opened, adding convenience and bringing another stream of foot traffic to the mall.

The **Spring City 66** mall in Kunming collected 72% more in rents, contributed by a surge in turnover rent from strong luxury tenant sales. The opening of several prestigious brands in the second half of 2020 further strengthened the mall's positioning as the hub for luxury offerings in the city and Yunnan province.

Our tenth mall on the Mainland, **Heartland 66** in Wuhan, was opened in March 2021. The mall has all the pedigrees to be the leader in the luxury-led regional lifestyle segment. It generated a revenue of RMB43 million in just over three months of operation, with the occupancy rate reaching 71% at the reporting date. As of June 30, 2021, shops amounting to 52% of leasable area have commenced operations. The majority of the top brands are scheduled to open in the second half of 2021.

Sub-luxury malls

Despite a local COVID-19 outbreak in December 2020 and January 2021, tenant sales and footfall at the **Palace 66** mall in Shenyang soon returned to normal when the outbreak subsided. Revenue increased by 6% and tenant sales rose by 51% period-on-period. During the difficult times in 2020, we seized the opportunity to refresh and refine the tenant mix of Palace 66 by introducing competitive and unique brands to replace non-performing ones.

The **Parc 66** mall in Jinan recorded a mild revenue growth of 1%. Tenant sales rose by 48%. After operating for almost ten years since its opening in August 2011, a three-year AEI was begun in June 2021 to uplift the mall's positioning. The renovation is scheduled for completion in phases from 2022 onwards. Leveraging on our experience in major asset enhancement initiatives in Shanghai, we are confident that the transformation of Parc 66 will be another great success. We will strive to keep the disruption to our tenants and customers during the renovation to a minimum.

Revenue from the **Riverside 66** mall in Tianjin was up 3% and tenant sales were 79% higher. We are continuing to strengthen the mall's offerings by introducing 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.

- *Offices*

The office portfolio on the Mainland delivered a 12% revenue growth as tenants progressively moved in to our new towers opened during 2019 and 2020. Revenue from the other four towers in Shanghai, Wuxi and Shenyang achieved steady overall growth of 3%.

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

	Revenue (RMB Million)			Period-end Occupancy Rate		
Name of Office and City	2021	2020	Change	June 2021	December 2020	June 2020
Plaza 66, Shanghai	310	300	3%	95%	93%	91%
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	473	422	12%			

[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

Income from the two office towers at **Plaza 66** in Shanghai increased slightly by 3% despite keen competition from offices in non-core areas in Shanghai. 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.

Income from **Forum 66** in Shenyang increased by 5% as the occupancy rate rose to 97%. Despite ample new supplies in Shenyang, the prestigious location and high-quality property management and services of Forum 66 attracted and retained quality tenants.

Total income from the two office towers at **Center 66** in Wuxi advanced 13% on an uplift in the occupancy rate, which was primarily driven by new tenants relocating from other properties and internal expansion of existing tenants. Leasing of the second tower was further boosted by our first branded and self-operated multifunctional workspace, HANGOUT, launched in September 2020, which is proving to be popular.

Office tower revenue at **Spring City 66** in Kunming surged by 169%. Top-tier tenants in the city are attracted to this premier Grade A office given its prime location and premium facilities. We expanded our product mix by offering modular spaces with high standard fit-out and furnishings, capturing top-tier tenants who are willing to pay for value-added services and premium products. This successful model helped accelerate the leasing of the office tower.

The seventh office tower in our Mainland portfolio, **Heartland 66** in Wuhan commenced operations in November 2020. Rental revenue during the period was RMB10 million with the occupancy rate at 34%. Similar to Spring City 66 in Kunming, we offered ready-to-use office premises to strengthen our competitive edge. The increasing popularity of Heartland 66 is gaining the property landmark status in Wuhan.

- *Hotel*

Conrad Shenyang earned 86% more in revenue at RMB41 million in the first half of 2021. As domestic travels resumed, 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

Hong Kong's economy has been suffering from intermittent waves of the pandemic since 2020, with the fourth wave impacting the city between November 2020 and May 2021. The tightened social distancing measures and continued travel restrictions most notably affected restaurants, cinemas, gyms, travel businesses, fashion wholesalers and education centers. In 2021, we continued to grant rent relief to support selected tenants and trades for the long-term survival of these businesses. 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 post-pandemic. With these efforts, revenue drop was contained at 12% to HK$1,680 million while operating profit receded by 11% to HK$1,395 million. Rental margin increased one point to 83%. Compared to the second half of 2020, revenue was down by 3%.

Properties located in Causeway Bay and Mongkok were under more pressure due to their reliance on tourists. Tenants of specific trades, such as cinemas, gyms, restaurants, among others, were more directly affected by the social distancing measures imposed 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 “hello Hang Lung Malls Rewards Program” along with the Hang Lung Malls App was launched in March 2021 in an effort to accelerate this recovery. Using the mobile platform, customers can conveniently earn points and obtain promotional offers from our tenants while 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	**980**	1,133	–14%	**97%**	97%	97%
Offices	**584**	635	–8%	**88%**	88%	90%
Residential & Serviced Apartments	**116**	139	–17%	**56%**	56%	58%
Total	**1,680**	1,907	–12%			

- *Commercial*

Revenue from our Hong Kong commercial portfolio decreased by 14% to HK$980 million.

The **Causeway Bay portfolio** was most affected due to the significant decrease in tourist arrivals and associated spending on beauty and fashion and accessories. Revenue dropped by 20%.

Our **Mongkok portfolio**, with high exposure to the fast-moving youth lifestyle as well as tourist-oriented trades, was also negatively impacted. Revenue at Grand Plaza and Gala Place retreated by 25%. We were able to lease out the space vacated by the former three-story anchor tenant at Gala Place to Foot Locker, a leading global athletic footwear and apparel brand, a new AEON STYLE concept store, and created a new dining cluster in the basement, maintaining the commercial area at full occupancy.

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

Peak Galleria collected 2% more in rents during the period against the first half of 2020 as the occupancy rate reached 96% and we refined trade mix to better satisfy the needs of local consumers.

- *Offices*

Revenue declined by 8% to HK$584 million as a result of rent relief and a lower average occupancy rate. Hong Kong office rentals accounted for 35% of the total rental revenue in Hong Kong.

The office portfolio was also affected by COVID-19, especially tenants in the businesses of beauty, gym, travel, fashion wholesale and education. The performance of the Central portfolio remained stable while revenue from the Mongkok and Causeway Bay portfolios, which have more semi-retail elements, decreased by 4% and 29% respectively.

- *Residential & Serviced Apartments*

Serviced apartments are prone to the impact of travel restrictions, which have prevailed throughout the reporting period. Revenue dropped 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. Operating loss from property sales for the six months ended June 30, 2021 was HK$22 million mainly representing the pre-sale marketing expenses for projects to be launched in 2021, and other operating expenditures.

We continued to seize 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

The total value of our investment properties and those under development amounted to HK$195,064 million as of June 30, 2021, including the mainland China portfolio of HK$134,714 million and the Hong Kong portfolio of HK$60,350 million. These properties were appraised by Savills, an independent valuer, as of June 30, 2021.

A revaluation gain of HK$618 million (2020: loss of HK$4,642 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$1,355 million (2020: loss of HK$2,307 million), a 1% increase versus the valuation at the end of 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$737 million (2020: loss of HK$2,335 million), representing a 1% decrease against the value as of December 31, 2020. The decline was smaller compared to the 4% and 3% half-on-half drop in the first and second halves of 2020. Commercial and office segments recorded a deeper drop, while apartments were more stable.

PROPERTY DEVELOPMENT AND CAPITAL COMMITMENT

The aggregated values of projects under development for leasing and for sale were HK$20,816 million and HK$10,220 million, respectively. These comprised 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

After the opening of the mall of **Heartland 66** 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 the pre-sale of Heartland Residences to begin 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, comprising 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 consist of 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 parent company, Hang Lung Group Limited (Hang Lung Group), 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 is 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 approval from the government the plan to redevelop the site into low-density residential properties before the end of 2021.

FINANCING MANAGEMENT

We have been maintaining an appropriate capital structure with multiple channels of financing and a high degree of agility. The aim is to ensure access to sufficient financial resources for meeting operational needs and business expansions and to cushion Hang Lung Properties 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 reviewed to allow a fair 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, Hang Lung Properties 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 24% 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$4,206 million (December 31, 2020: HK$6,319 million). The balance decreased after paying for construction fees of 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 carrying strong 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	**242**	*6%*	2,584	*41%*
RMB	**3,821**	*91%*	3,602	*57%*
USD	**143**	*3%*	133	*2%*
Total cash and bank balances	**4,206**	*100%*	6,319	*100%*

- *Debt Portfolio*

At the balance sheet date, total borrowings amounted to HK$41,070 million (December 31, 2020: HK$37,917 million), of which 33% was denominated in RMB to act as a natural hedge to net investments in mainland China. The higher 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 that are converted to fixed-rate by the use of interest rate swaps. The percentage of fixed-rate borrowings fell to 54% 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	**27,630**	*67%*	25,007	*66%*
RMB	**13,440**	*33%*	12,910	*34%*
Total borrowings	**41,070**	*100%*	37,917	*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**	*54%*	23,772	*63%*
Floating	**19,094**	*46%*	14,145	*37%*
Total borrowings	**41,070**	*100%*	37,917	*100%*

- *Gearing Ratios*

At the reporting date, the net debt balance amounted to HK$36,864 million (December 31, 2020: HK$31,598 million). Net debt to equity ratio was 24.6% (December 31, 2020: 21.3%) and debt to equity ratio was 27.5% (December 31, 2020: 25.6%). 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.

- *Maturity Profile and Refinancing*

At the balance sheet date, the average tenure of the entire loan portfolio was 3.0 years (December 31, 2020: 2.9 years). The maturity profile was staggered over more than 10 years. Around 62% 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%*	7,464	*20%*
After 1 but within 2 years	**6,817**	*17%*	8,585	*23%*
After 2 but within 5 years	**20,719**	*50%*	18,645	*49%*
Over 5 years	**4,940**	*12%*	3,223	*8%*
Total borrowings	**41,070**	*100%*	37,917	*100%*

As of June 30, 2021, total undrawn committed banking facilities amounted to HK$10,631 million (December 31, 2020: HK$12,563 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).

- *Net Finance Costs and Interest Cover*

For the first half of 2021, gross finance costs increased 6% to HK$763 million. The effect 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: 4.6%), benefiting from lower interest rates upon the refinancing of maturing debts.

The net amount charged to the statement of profit or loss increased to HK$226 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 42% to HK$44 million mainly due to a temporary increase in average balance of deposits.

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 is mainly derived from the currency translation risk arising from the net assets of our subsidiaries in mainland China.

As of June 30, 2021, net assets denominated in RMB accounted for about 73% 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$1,209 million (2020: loss of HK$1,877 million), recognized in other comprehensive income/exchange reserve.

Our business operations and projects under development in mainland China are funded by cash inflows from local operations, 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. Regular business reviews 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 Hang Lung Properties were not charged to any third parties as of June 30, 2021.

- *Contingent Liabilities*

Hang Lung Properties did not have any material contingent liabilities as of June 30, 2021.

CORPORATE INITIATIVES

The journey beyond Hang Lung Group's 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 strong 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 the driving forces of 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.

In Hong Kong, the leasing environment 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 expect 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.

On the property sale side, in June 2021, Hang Lung Properties announced 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 Hang Lung Properties' 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.

In Hong Kong, the three redevelopment projects are progressing well. Depending on the market condition, we continue to look for opportunities to sell completed residential properties and recycle capital out of non-core properties.

CORPORATE GOVERNANCE

We are committed to maintaining the highest standards of corporate governance. During the six months ended June 30, 2021, we adopted corporate governance principles that emphasize a qualified Board of Directors (the "Board"), sound internal controls, and effective risk management to enhance transparency and accountability towards our stakeholders. The general framework of our corporate governance practices is set out in our corporate governance report in the 2020 annual report, which is available on our website under "Financial Report" in the "Financial Information" subsection of the "Investor Relations" section.

The Board

The Board currently consists of 10 members: comprising four Executive Directors; one Non-Executive Director; and five Independent Non-Executive Directors. There is a clear division of responsibilities between the Chair and the Chief Executive Officer to ensure a balance of power and authority. The Board continues to review its practices from time to time, constantly seeking to improve the Group's corporate governance procedures in accordance with international best practices. An updated list of Board members identifying their roles and functions and whether they are Independent Non-Executive Directors is maintained on both our website and the website of Hong Kong Exchanges and Clearing Limited ("HKEX"). The biographical details of Board members are also maintained on our website under "Board of Directors" in the "Corporate Governance" subsection of the "Investor Relations" section.

Nomination and Remuneration Committee

Our Nomination and Remuneration Committee, which is chaired by an Independent Non-Executive Director, currently consists of three Independent Non-Executive Directors. The Committee members meet at least once a year. Its duties include reviewing significant changes to the salary structure within the Group and the terms and conditions affecting Executive Board Members and senior management. The Committee members also conduct regular reviews of the Board's structure, size and diversity, and make recommendations to the Board on the appointment, re-appointment and succession planning of Directors of the Board. The terms of reference of the Committee can be accessed on both our website under "Nomination & Remuneration Committee" in the "Corporate Governance" subsection of the "Investor Relations" section, and the website of HKEX.

Audit Committee

Our Audit Committee, which is chaired by an Independent Non-Executive Director, currently consists of four Independent Non-Executive Directors. The Committee members meet at least four times a year. Meetings are normally attended by external and internal auditors, the Chief Financial Officer and the Company Secretary for the purposes of, inter alia, discussing the nature and scope of internal audit work and assessing the Company's internal controls. The terms of reference of the Committee, which include duties pertaining to corporate governance functions and the oversight of risk management, are available on both our website under "Audit Committee" in the "Corporate Governance" subsection of the "Investor Relations" section, and the website of HKEX. The Audit Committee has reviewed this interim report, including the unaudited interim financial report for the six months ended June 30, 2021, and has recommended their adoption by the Board.

This interim financial report is unaudited but has been reviewed by KPMG, our auditor, in accordance with the 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. The Independent Auditor's Review Report is set out on pages 54 and 55 of this interim report.

Compliance with Corporate Governance Code

During the six months ended June 30, 2021, we 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 (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Compliance with Model Code contained in Appendix 10 to the Listing Rules

We have adopted a code of conduct with regard to securities transactions by Directors of the Board (the "Code of Conduct") on terms that are no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the "Model Code"). The Company has made specific enquiries with all Directors of the Board and confirmed that they have complied with the required standard set out in the Model Code and the Code of Conduct regarding securities transactions by Directors of the Board throughout the six months ended June 30, 2021.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at June 30, 2021, the interests or short positions of each of the Directors of the Board in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or pursuant to the Model Code or which were recorded in the register required to be kept by the Company under section 352 of the SFO are as follows:

		The Company (Long Position)			*Hang Lung Group Limited (Long Position)*	
Name	Capacity	Number of Shares	% of Number of Issued Shares	Number of Shares under Option *(Note 3)*	Number of Shares	% of Number of Issued Shares
Ronnie C. Chan	Personal & Other	17,155,000	0.38	15,500,000	22,400,500 *(Note 1)*	1.65
Adriel Chan	Personal & Other	2,644,956,340 *(Note 2)*	58.79	7,400,000	533,032,080 *(Notes 1 & 2)*	39.15
Weber W.P. Lo	Personal	–	–	15,750,000	–	–
Nelson W.L. Yuen	Personal	8,000,000	0.18	–	–	–
Dominic C.F. Ho	–	–	–	–	–	–
Philip N.L. Chen	Personal	–	–	9,500,000	–	–
Andrew K.C. Chan	–	–	–	–	–	–
H.K. Chang	–	–	–	–	–	–
Anita Y.M. Fung	–	–	–	–	–	–
H.C. Ho	Personal	–	–	10,700,000	–	–

Notes

1. Other interests included 10,610,500 shares of Hang Lung Group Limited ("HLG") held by a trust of which Mr. Ronnie C. Chan was a discretionary beneficiary, and Mr. Adriel Chan was a settlor and discretionary beneficiary. Accordingly, Mr. Ronnie C. Chan and Mr. Adriel Chan were deemed to be interested in such shares under the SFO.

2. Other interests included 2,644,956,340 shares of the Company and another 522,421,580 shares of HLG held/deemed to be held by another trust of which Mr. Adriel Chan was a discretionary beneficiary. Accordingly, Mr. Adriel Chan was deemed to be interested in such shares under the SFO.

3. Movements of Options under the Share Option Schemes of the Company

(i) Share Option Scheme adopted on November 22, 2002

		Number of Shares under Option					
Date Granted (mm/dd/yyyy)	**Name**	**As at Jan 1, 2021**	**Lapsed during the Period**	**As at Jun 30, 2021**	**Exercise Price per Share** (HK$)	**Vested Dates** (mm/dd/yyyy)	**Expiry Date** (mm/dd/yyyy)
06/13/2011	Ronnie C. Chan	4,500,000	4,500,000	–	$30.79	06/13/2013: 10%	06/12/2021
	Philip N.L. Chen	4,500,000	4,500,000	–		06/13/2014: 20%	
	H.C. Ho	3,000,000	3,000,000	–		06/13/2015: 30%	
						06/13/2016: 40%	

(ii) Share Option Scheme adopted on April 18, 2012

		Number of Shares under Option						
Date Granted (mm/dd/yyyy)	**Name**	**As at Jan 1, 2021**	**Granted during the Period**	**Exercised during the Period**	**As at Jun 30, 2021**	**Exercise Price per Share** (HK$)	**Vested Dates** (mm/dd/yyyy)	**Expiry Date** (mm/dd/yyyy)
06/04/2013	Ronnie C. Chan	4,500,000	–	–	4,500,000	$28.20	06/04/2015: 10%	06/03/2023
	Adriel Chan	200,000	–	–	200,000		06/04/2016: 20%	
	Philip N.L. Chen	4,500,000	–	–	4,500,000		06/04/2017: 30%	
	H.C. Ho	3,000,000	–	–	3,000,000		06/04/2018: 40%	
12/05/2014	Ronnie C. Chan	2,750,000	–	–	2,750,000	$22.60	12/05/2016: 10%	12/04/2024
	Adriel Chan	150,000	–	–	150,000		12/05/2017: 20%	
	Philip N.L. Chen	2,500,000	–	–	2,500,000		12/05/2018: 30%	
	H.C. Ho	1,850,000	–	–	1,850,000		12/05/2019: 40%	
08/10/2017	Ronnie C. Chan	2,750,000	–	825,000	1,925,000	$19.98	08/10/2019: 10%	08/09/2027
	Adriel Chan	1,850,000	–	–	1,850,000		08/10/2020: 20%	
	Philip N.L. Chen	2,500,000	–	–	2,500,000		08/10/2021: 30%	
	H.C. Ho	1,850,000	–	–	1,850,000		08/10/2022: 40%	

3. Movements of Options under the Share Option Schemes of the Company (continued)

(ii) Share Option Scheme adopted on April 18, 2012 (continued)

Date Granted (mm/dd/yyyy)	Name	Number of Shares under Option: As at Jan 1, 2021	Granted during the Period	Exercised during the Period	As at Jun 30, 2021	Exercise Price per Share (HK$)	Vested Dates (mm/dd/yyyy)	Expiry Date (mm/dd/yyyy)
05/16/2018	Weber W.P. Lo	10,000,000	–	–	10,000,000	$18.98	05/16/2020: 10% 05/16/2021: 20% 05/16/2022: 30% 05/16/2023: 40%	05/15/2028
06/28/2019	Ronnie C. Chan	3,025,000	–	–	3,025,000	$18.58	06/28/2021: 10%	06/27/2029
	Adriel Chan	2,200,000	–	–	2,200,000		06/28/2022: 20%	
	Weber W.P. Lo	2,750,000	–	–	2,750,000		06/28/2023: 30%	
	H.C. Ho	1,900,000	–	–	1,900,000		06/28/2024: 40%	
05/12/2021	Ronnie C. Chan	–	3,300,000	–	3,300,000	$19.95	05/12/2023: 10%	05/11/2031
	Adriel Chan	–	3,000,000	–	3,000,000		05/12/2024: 20%	
	Weber W.P. Lo	–	3,000,000	–	3,000,000		05/12/2025: 30%	
	H.C. Ho	–	2,100,000	–	2,100,000		05/12/2026: 40%	

As at June 30, 2021, save as disclosed above, none of the Directors of the Board had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations.

Other than as stated above, at no time during the six months ended June 30, 2021 was the Company, its holding company or any of their respective subsidiaries a party to any arrangement to enable the Directors of the Board to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at June 30, 2021, details of substantial shareholders' and other persons' (who are required to disclose their interests pursuant to Part XV of the SFO) interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO are as follows:

Name	*Note*	**Number of Shares or Underlying Shares Held *(Long Position)***	**% of Number of Issued Shares *(Long Position)***
Chan Tan Ching Fen	*1*	2,644,956,340	58.79
Cole Enterprises Holdings (PTC) Limited	*1*	2,644,956,340	58.79
Merssion Limited	*1*	2,644,956,340	58.79
Adriel Chan	*1*	2,644,956,340	58.79
Hang Lung Group Limited	*2*	2,616,623,240	58.16
Prosperland Housing Limited	*3*	1,267,608,690	30.60
Purotat Limited	*3*	354,227,500	8.55

Notes

1. These shares were the same parcel of shares held by controlled corporations of Merssion Limited which was held under a trust. As Ms. Chan Tan Ching Fen was the founder, Cole Enterprises Holdings (PTC) Limited was the trustee and Mr. Adriel Chan was a discretionary beneficiary of the trust, they were deemed to be interested in such shares under the SFO.

   The controlled corporations included HLG in which Merssion Limited had 38.37% interests. Accordingly, the 2,616,623,240 shares held by HLG through its subsidiaries were included in the 2,644,956,340 shares.

2. These shares were held by the wholly-owned subsidiaries of HLG.

3. These companies were wholly-owned subsidiaries of HLG. Their interests were included in the 2,616,623,240 shares held by HLG.

Save as disclosed above, as at June 30, 2021, no other interests or short positions in the shares or underlying shares of the Company required to be recorded in the register kept under section 336 of the SFO has been notified to the Company.

CHANGES IN INFORMATION OF DIRECTORS PURSUANT TO LISTING RULES

The changes in the information of the Directors of the Board are set out below:

Mr. Nelson W.L. Yuen
– appointed as Chair of the Nomination and Remuneration Committee of the Company. His director's fee which is subject to review by the Board from time to time pursuant to the power given to it by the shareholders of the Company would be adjusted accordingly.

Ms. Anita Y.M. Fung
– retired as an independent non-executive director of Hong Kong Exchanges and Clearing Limited
– retired as an independent non-executive director of China Construction Bank Corporation

Mr. Adriel Chan
– appointed as a director of China Institute for Knowledge, a member organization of Our Hong Kong Foundation

Mr. Weber W.P. Lo
– ceased to be a director of The Real Estate Developers Association of Hong Kong

Mr. H.C. Ho
– acted as the Company Secretary of the Company from May 1, 2021 to June 15, 2021

Save as disclosed above, there is no other information to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

HLP Finance Limited, a 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.

Saved 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.

EMPLOYEES

As at June 30, 2021, the number of employees was 4,219 (comprising 1,060 Hong Kong employees and 3,159 mainland China employees). The total employee costs for the six months ended June 30, 2021, amounted to HK$883 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 Company has share option schemes and provides professional and high-quality trainings for employees.

KPMG

Review report to the Board of Directors of Hang Lung Properties Limited

(Incorporated in the Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 57 to 82 which comprises the consolidated statement of financial position of Hang Lung Properties Limited ("the Company") as at June 30, 2021 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report 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 are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report 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 the interim financial report consists of making enquiries, 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 interim financial report as at June 30, 2021 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

July 29, 2021

Consolidated Statement of Profit or Loss

For the six months ended June 30, 2021 (Unaudited)

	Note	2021 HK$ Million	2020 HK$ Million	*For information purpose only* 2021 RMB Million	2020 RMB Million
Revenue	2(a)	**4,975**	4,184	**4,146**	3,791
Direct costs and operating expenses		**(1,345)**	(1,143)	**(1,121)**	(1,036)
		3,630	3,041	**3,025**	2,755
Other net income	3	**31**	25	**26**	23
Administrative expenses		**(273)**	(292)	**(228)**	(265)
Profit from operations before changes in fair value of properties		**3,388**	2,774	**2,823**	2,513
Net increase/(decrease) in fair value of properties	2(b)	**618**	(4,642)	**511**	(4,245)
Profit/(loss) from operations after changes in fair value of properties		**4,006**	(1,868)	**3,334**	(1,732)
Interest income		**44**	31	**37**	28
Finance costs		**(226)**	(53)	**(188)**	(48)
Net interest expense	4	**(182)**	(22)	**(151)**	(20)
Share of losses of joint ventures		**–**	(38)	**–**	(35)
Profit/(loss) before taxation	5	**3,824**	(1,928)	**3,183**	(1,787)
Taxation	6	**(1,053)**	(415)	**(875)**	(375)
Profit/(loss) for the period	2(b)	**2,771**	(2,343)	**2,308**	(2,162)
Attributable to:					
Shareholders		**2,235**	(2,537)	**1,862**	(2,336)
Non-controlling interests		**536**	194	**446**	174
Profit/(loss) for the period		**2,771**	(2,343)	**2,308**	(2,162)
Earnings/(loss) per share	8(a)				
Basic		**HK$0.50**	(HK$0.56)	**RMB0.41**	(RMB0.52)
Diluted		**HK$0.50**	(HK$0.56)	**RMB0.41**	(RMB0.52)

The accompanying notes form part of the interim financial report.

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	**2,771**	(2,343)	**2,308**	(2,162)
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	**1,219**	(1,897)	**(292)**	853
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**	–
Other comprehensive income for the period, net of tax	**1,223**	(1,872)	**(289)**	876
Total comprehensive income for the period	**3,994**	(4,215)	**2,019**	(1,286)
Attributable to:				
Shareholders	**3,341**	(4,228)	**1,570**	(1,459)
Non-controlling interests	**653**	13	**449**	173
Total comprehensive income for the period	**3,994**	(4,215)	**2,019**	(1,286)

The accompanying notes form part of the interim financial report.

Consolidated Statement of Financial Position

At June 30, 2021

	Note	**(Unaudited) June 30, 2021 HK$ Million**	(Audited) December 31, 2020 HK$ Million	*For information purpose only* **June 30, 2021 RMB Million**	*For information purpose only* December 31, 2020 RMB Million
Non-current assets					
Property, plant and equipment					
Investment properties	9	**174,248**	164,322	**145,022**	138,157
Investment properties under development	9	**20,816**	27,544	**17,321**	23,181
Other property, plant and equipment		**252**	253	**210**	213
		195,316	192,119	**162,553**	161,551
Interest in joint ventures		**1,142**	1,161	**951**	974
Other assets		**78**	77	**65**	65
Deferred tax assets		**83**	84	**69**	70
		196,619	193,441	**163,638**	162,660
Current assets					
Cash and deposits with banks		**4,206**	6,319	**3,501**	5,307
Trade and other receivables	10	**3,070**	3,499	**2,555**	2,942
Properties for sale		**11,230**	7,988	**9,348**	6,713
Assets held for sale	11	**2**	69	**2**	58
		18,508	17,875	**15,406**	15,020
Current liabilities					
Bank loans and other borrowings		**8,594**	7,464	**7,155**	6,269
Trade and other payables	12	**9,804**	10,978	**8,159**	9,233
Lease liabilities		**26**	26	**22**	22
Current tax payable		**444**	606	**370**	510
		18,868	19,074	**15,706**	16,034
Net current liabilities		**360**	1,199	**300**	1,014
Total assets less current liabilities		**196,259**	192,242	**163,338**	161,646

	Note	(Unaudited) June 30, 2021 HK$ Million	(Audited) December 31, 2020 HK$ Million	*For information purpose only* June 30, 2021 RMB Million	December 31, 2020 RMB Million
Non-current liabilities					
Bank loans and other borrowings		**32,476**	30,453	**27,035**	25,582
Lease liabilities		**300**	302	**250**	254
Deferred tax liabilities		**13,899**	13,299	**11,565**	11,192
		46,675	44,054	**38,850**	37,028
NET ASSETS		**149,584**	148,188	**124,488**	124,618
Capital and reserves					
Share capital	13	**39,946**	39,916	**37,459**	37,434
Reserves		**99,092**	98,379	**78,254**	78,858
Shareholders' equity		**139,038**	138,295	**115,713**	116,292
Non-controlling interests		**10,546**	9,893	**8,775**	8,326
TOTAL EQUITY		**149,584**	148,188	**124,488**	124,618

The accompanying notes form part of the interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended June 30, 2021 (Unaudited)

HK$ Million	Shareholders' equity					
	Share capital (Note 13)	Other reserves (Note 15)	Retained profits (Note 15)	Total	Non-controlling interests	Total equity
At January 1, 2021	**39,916**	**2,581**	**95,798**	**138,295**	**9,893**	**148,188**
Profit for the period	**–**	**–**	**2,235**	**2,235**	**536**	**2,771**
Exchange difference arising from translation to presentation currency	**–**	**1,102**	**–**	**1,102**	**117**	**1,219**
Net investment hedge – net loss	**–**	**(10)**	**–**	**(10)**	**–**	**(10)**
Cash flow hedges: net movement in hedging reserve	**–**	**13**	**–**	**13**	**–**	**13**
Net change in fair value of equity investments	**–**	**1**	**–**	**1**	**–**	**1**
Total comprehensive income for the period	**–**	**1,106**	**2,235**	**3,341**	**653**	**3,994**
Final dividend in respect of previous year	**–**	**–**	**(2,653)**	**(2,653)**	**–**	**(2,653)**
Issue of shares	**30**	**(4)**	**–**	**26**	**–**	**26**
Employee share-based payments	**–**	**(161)**	**190**	**29**	**–**	**29**
At June 30, 2021	**39,946**	**3,522**	**95,570**	**139,038**	**10,546**	**149,584**
At January 1, 2020	39,915	(2,844)	101,598	138,669	9,143	147,812
Loss for the period	–	–	(2,537)	(2,537)	194	(2,343)
Exchange difference arising from translation to presentation currency	–	(1,716)	–	(1,716)	(181)	(1,897)
Net investment hedge – net gain	–	20	–	20	–	20
Cash flow hedges: net movement in hedging reserve	–	5	–	5	–	5
Total comprehensive income for the period	–	(1,691)	(2,537)	(4,228)	13	(4,215)
Final dividend in respect of previous year	–	–	(2,653)	(2,653)	–	(2,653)
Employee share-based payments	–	(81)	113	32	–	32
At June 30, 2020	39,915	(4,616)	96,521	131,820	9,156	140,976

The accompanying notes form part of the interim financial report.

For information purpose only

RMB Million	Shareholders' equity					
	Share capital	**Other reserves**	**Retained profits**	**Total**	**Non-controlling interests**	**Total equity**
At January 1, 2021	**37,434**	**(1,124)**	**79,982**	**116,292**	**8,326**	**124,618**
Profit for the period	**–**	**–**	**1,862**	**1,862**	**446**	**2,308**
Exchange difference arising from translation to presentation currency	**–**	**(295)**	**–**	**(295)**	**3**	**(292)**
Net investment hedge – net loss	**–**	**(9)**	**–**	**(9)**	**–**	**(9)**
Cash flow hedges: net movement in hedging reserve	**–**	**11**	**–**	**11**	**–**	**11**
Net change in fair value of equity investments	**–**	**1**	**–**	**1**	**–**	**1**
Total comprehensive income for the period	**–**	**(292)**	**1,862**	**1,570**	**449**	**2,019**
Final dividend in respect of previous year	**–**	**–**	**(2,195)**	**(2,195)**	**–**	**(2,195)**
Issue of shares	**25**	**(3)**	**–**	**22**	**–**	**22**
Employee share-based payments	**–**	**(133)**	**157**	**24**	**–**	**24**
At June 30, 2021	**37,459**	**(1,552)**	**79,806**	**115,713**	**8,775**	**124,488**
At January 1, 2020	37,433	1,596	85,224	124,253	8,190	132,443
Loss for the period	–	–	(2,336)	(2,336)	174	(2,162)
Exchange difference arising from translation to presentation currency	–	854	–	854	(1)	853
Net investment hedge – net gain	–	18	–	18	–	18
Cash flow hedges: net movement in hedging reserve	–	5	–	5	–	5
Total comprehensive income for the period	–	877	(2,336)	(1,459)	173	(1,286)
Final dividend in respect of previous year	–	–	(2,440)	(2,440)	–	(2,440)
Employee share-based payments	–	(75)	104	29	–	29
At June 30, 2020	37,433	2,398	80,552	120,383	8,363	128,746

Condensed Consolidated Cash Flow Statement

For the six months ended June 30, 2021 (Unaudited)

	2021	2020	*For information purpose only* 2021	2020
	HK$ Million	HK$ Million	RMB Million	RMB Million
Operating activities				
Operating cash flow before changes in working capital	**3,451**	2,833	**2,875**	2,567
Increase in properties for sale	**(2,674)**	(63)	**(2,230)**	(58)
Other changes in working capital	**65**	(400)	**49**	(356)
Income tax paid	**(767)**	(807)	**(639)**	(732)
Net cash generated from operating activities	**75**	1,563	**55**	1,421
Investing activities				
Payment for property, plant and equipment	**(1,978)**	(1,516)	**(1,660)**	(1,344)
Decrease in bank deposits with maturity greater than 3 months	**12**	–	**10**	–
Other cash flows arising from investing activities	**143**	37	**120**	32
Net cash used in investing activities	**(1,823)**	(1,479)	**(1,530)**	(1,312)
Financing activities				
Proceeds from new bank loans and other borrowings	**12,592**	10,693	**10,493**	9,699
Repayment of bank loans and other borrowings	**(9,613)**	(7,523)	**(8,010)**	(6,824)
Interest and other borrowing costs paid	**(726)**	(685)	**(603)**	(620)
Dividend paid	**(2,653)**	(2,653)	**(2,195)**	(2,440)
Other cash flows arising from/(used in) financing activities	**13**	(11)	**11**	(10)
Net cash used in financing activities	**(387)**	(179)	**(304)**	(195)
Decrease in cash and cash equivalents	**(2,135)**	(95)	**(1,779)**	(86)
Effect of foreign exchange rate changes	**24**	(21)	**(16)**	4
Cash and cash equivalents at January 1	**5,034**	1,373	**4,228**	1,230
Cash and cash equivalents at June 30	**2,923**	1,257	**2,433**	1,148
Analysis of the balance of cash and cash equivalents				
Cash and deposits with banks	**4,206**	3,190	**3,501**	2,913
Less: Bank deposits with maturity greater than 3 months	**(1,283)**	(1,933)	**(1,068)**	(1,765)
Cash and cash equivalents at June 30	**2,923**	1,257	**2,433**	1,148

The accompanying notes form part of the interim financial report.

1. BASIS OF PREPARATION

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 interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on pages 54 to 55.

The HKICPA has issued certain amendments to Hong Kong Financial Reporting Standards (HKFRSs) that are first effective for the current accounting period of the Company and its subsidiaries (collectively 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 this interim financial report. 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.

1. BASIS OF PREPARATION (Continued)

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.

The financial information relating to the financial year ended December 31, 2020 included in the interim financial report 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	**4,462**	3,751
Under the scope of HKFRS 15, *Revenue from contracts with customers:*		
Building management fees and other income from property leasing	**513**	433
	4,975	4,184

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	**3,295**	**–**	**3,295**	2,277	–	2,277
– Hong Kong	**1,680**	**–**	**1,680**	1,907	–	1,907
	4,975	**–**	**4,975**	4,184	–	4,184
Profit from operations before changes in fair value of properties						
– Mainland China	**2,116**	**(9)**	**2,107**	1,359	(2)	1,357
– Hong Kong	**1,294**	**(13)**	**1,281**	1,419	(2)	1,417
	3,410	**(22)**	**3,388**	2,778	(4)	2,774
Net increase/(decrease) in fair value of properties	**618**	**–**	**618**	(4,642)	–	(4,642)
– Mainland China	**1,355**	**–**	**1,355**	(2,307)	–	(2,307)
– Hong Kong	**(737)**	**–**	**(737)**	(2,335)	–	(2,335)
Net interest expense	**(182)**	**–**	**(182)**	(22)	–	(22)
– Interest income	**44**	**–**	**44**	31	–	31
– Finance costs	**(226)**	**–**	**(226)**	(53)	–	(53)
Share of losses of joint ventures	**–**	**–**	**–**	(38)	–	(38)
Profit/(loss) before taxation	**3,846**	**(22)**	**3,824**	(1,924)	(4)	(1,928)
Taxation	**(1,055)**	**2**	**(1,053)**	(415)	–	(415)
Profit/(loss) for the period	**2,791**	**(20)**	**2,771**	(2,339)	(4)	(2,343)
Net profit/(loss) attributable to shareholders	**2,255**	**(20)**	**2,235**	(2,533)	(4)	(2,537)

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	**136,946**	**4,112**	**141,058**	133,028	3,735	136,763
Hong Kong	**61,440**	**7,120**	**68,560**	62,589	4,323	66,912
	198,386	**11,232**	**209,618**	195,617	8,058	203,675
Interest in joint ventures			**1,142**			1,161
Other assets			**78**			77
Deferred tax assets			**83**			84
Cash and deposits with banks			**4,206**			6,319
			215,127			211,316

3. OTHER NET INCOME

HK$ Million	**2021**	2020
Government grants	**29**	21
Ineffectiveness on cash flow hedges	**–**	1
Others	**2**	3
	31	25

4. NET INTEREST EXPENSE

HK$ Million	**2021**	2020
Interest income on bank deposits	**44**	31
Interest expense on bank loans and other borrowings	**726**	687
Interest on lease liabilities	**8**	8
Other borrowing costs	**29**	24
Total borrowing costs	**763**	719
Less: Borrowing costs capitalized	**(537)**	(666)
Finance costs	**226**	53
Net interest expense	**(182)**	(22)

5. PROFIT/(LOSS) BEFORE TAXATION

HK$ Million	**2021**	2020
Profit/(loss) before taxation is arrived at after charging:		
Staff costs (Note)	**737**	670
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$883 million (2020: HK$807 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	**151**	170
Mainland China Income Tax	**449**	306
Total current tax	**600**	476
Deferred tax		
Changes in fair value of properties	**339**	(153)
Other origination and reversal of temporary differences	**114**	92
Total deferred tax	**453**	(61)
Total income tax expense	**1,053**	415

7. DIVIDENDS

(a) Interim dividend

HK$ Million	**2021**	2020
Proposed after the end of the reporting period:		
HK18 cents (2020: HK17 cents) per share	**810**	765

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

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

HK$ Million	**2021**	2020
2020 final dividend of HK59 cents		
(2019: HK59 cents) per share	**2,653**	2,653

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	**2,235**	(2,537)

	Number of shares	
	2021	2020
Weighted average number of shares used		
in calculating basic earnings/(loss) per share	**4,498,255,129**	4,497,718,670
Effect of dilutive potential ordinary		
shares – share options	**5,023,613**	–
Weighted average number of shares used		
in calculating diluted earnings/(loss) per share	**4,503,278,742**	4,497,718,670

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	**2,235**	(2,537)
Effect of changes in fair value of properties	**(618)**	4,642
Effect of corresponding income tax	**339**	(153)
Effect of changes in fair value of investment properties of joint ventures	**19**	60
	(260)	4,549
Non-controlling interests	**225**	(23)
	(35)	4,526
Underlying net profit attributable to shareholders	**2,200**	1,989

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

	2021	2020
Basic	**HK$0.49**	HK$0.44
Diluted	**HK$0.49**	HK$0.44

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$1,116 million (2020: HK$1,327 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	**83**	115
1 – 3 months past due	**8**	25
More than 3 months past due	**6**	11
	97	151

10. TRADE AND OTHER RECEIVABLES (Continued)

(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

(a) 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	**1,677**	4,339
Due after 3 months	**3,499**	2,021
	5,176	6,360

(b) Included in trade and other payables is an amount of HK$601 million (December 31, 2020: HK$601 million) due to a fellow subsidiary, which is the joint developer of a project in which the Group and the fellow subsidiary hold respective interests of 66.67% and 33.33%. The amount represents the contribution by the fellow subsidiary in proportion to its interest to finance the project, and is unsecured, non-interest bearing and has no fixed terms of repayment.

13. SHARE CAPITAL

	2021		2020	
	Number of shares	**Amount of share capital**	Number of shares	Amount of share capital
	Million	**HK$ Million**	Million	HK$ Million
Ordinary shares, issued and fully paid:				
At January 1	**4,498**	**39,916**	4,498	39,915
Shares issued under share option scheme	**1**	**30**	–	1
At June 30/December 31	**4,499**	**39,946**	4,498	39,916

14. SHARE OPTION SCHEMES

The share option scheme adopted by the Company on November 22, 2002 (the "2002 Share Option Scheme") was terminated upon the adoption of a new share option scheme on April 18, 2012 (the "2012 Share Option Scheme"). No further options shall be offered under the 2002 Share Option Scheme, but in all other respects the provisions of the 2002 Share Option Scheme shall remain in full force and effect and all options granted prior to such termination and not exercised at the date of termination shall remain valid. The share options granted under the above two share option schemes to the directors and employees are at nominal consideration and each share option gives the holder the right to subscribe for one share of the Company.

The movements of share options of the Company during the six months ended June 30, 2021 were as follows:

(a) 2002 Share Option Scheme

	Number of share options			Period during	Exercise
	Outstanding on	Forfeited/	**Outstanding on**	which options	price
Date granted	January 1, 2021	Lapsed	**June 30, 2021**	are exercisable	(HK$)
June 13, 2011	17,620,000	(17,620,000)	**–**	June 13, 2013 to June 12, 2021	30.79

All the above options may vest after two to five years of the grant date and are exercisable up to the tenth anniversary of the date of grant, after which they will lapse. No options were exercised or cancelled during the six months ended June 30, 2021.

During the six months ended June 30, 2021, 600,000 options (2020: Nil) were forfeited upon cessations of a grantee's employment and 17,020,000 options (2020: 13,380,000 options) lapsed due to the expiry of the period for exercising the options.

14. SHARE OPTION SCHEMES (Continued)

(b) 2012 Share Option Scheme

	Number of share options					Period during	Exercise
Date granted	Outstanding on January 1, 2021	Granted	Exercised	Forfeited/ Lapsed	**Outstanding on June 30, 2021**	which options are exercisable	price (HK$)
June 4, 2013	24,220,000	–	–	(680,000)	**23,540,000**	June 4, 2015 to June 3, 2023	28.20
December 5, 2014	20,820,000	–	–	(600,000)	**20,220,000**	December 5, 2016 to December 4, 2024	22.60
August 10, 2017	32,931,000	–	(1,291,000)	(770,000)	**30,870,000**	August 10, 2019 to August 9, 2027	19.98
May 16, 2018	10,000,000	–	–	–	**10,000,000**	May 16, 2020 to May 15, 2028	18.98
June 28, 2019	48,819,000	–	(11,000)	(2,239,000)	**46,569,000**	June 28, 2021 to June 27, 2029	18.58
May 12, 2021	–	65,505,000	–	(710,000)	**64,795,000**	May 12, 2023 to May 11, 2031	19.95
Total	136,790,000	65,505,000	(1,302,000)	(4,999,000)	**195,994,000**		

All the above options may vest after two to five years of the grant date and are exercisable up to the tenth anniversary of the date of grant, after which they will lapse. No options were cancelled during the six months ended June 30, 2021.

In respect of options granted during the six months ended June 30, 2021, the closing share price immediately before the date of grant was HK$19.48.

The weighted average closing share prices immediately before the dates of exercise by the director and employees during the six months ended June 30, 2021 were HK$19.46 and HK$21.34 respectively.

The weighted average closing share price at the dates of exercise for share options exercised during the six months ended June 30, 2021 was HK$20.46.

14. SHARE OPTION SCHEMES (Continued)

(b) 2012 Share Option Scheme (Continued)

During the six months ended June 30, 2021, 4,999,000 options (2020: 4,202,000 options) were forfeited upon cessations of the grantees' employments.

The fair value of share options granted was estimated at the date of grant using the Black-Scholes pricing model taking into account the terms and conditions upon which the options were granted. In respect of the share options granted during the six months ended June 30, 2021, the fair value, terms and conditions, and assumptions are as follows:

Fair value at grant date	HK$2.66
Share price at grant date	HK$19.60
Exercise price	HK$19.95
Risk-free interest rate	0.73%
Expected life (in years)	6
Expected volatility	25.34%
Expected dividends per share	HK$0.76

The expected volatility is based on the historical volatility and the expected dividends per share are based on historical dividends. Changes in the above assumptions could materially affect the fair value estimate.

15. RESERVES

HK$ Million	Other reserves						
	Exchange reserve	Hedging reserve	Investment revaluation reserve	Employee share-based compensation reserve	Total	Retained profits	Total reserves
At January 1, 2021	**1,941**	**(67)**	**77**	**630**	**2,581**	**95,798**	**98,379**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**2,235**	**2,235**
Exchange difference arising from translation to presentation currency	**1,102**	**–**	**–**	**–**	**1,102**	**–**	**1,102**
Net investment hedge – net loss	**(10)**	**–**	**–**	**–**	**(10)**	**–**	**(10)**
Cash flow hedges: net movement in hedging reserve	**–**	**13**	**–**	**–**	**13**	**–**	**13**
Net change in fair value of equity investments	**–**	**–**	**1**	**–**	**1**	**–**	**1**
Total comprehensive income for the period	**1,092**	**13**	**1**	**–**	**1,106**	**2,235**	**3,341**
Final dividend in respect of previous year	**–**	**–**	**–**	**–**	**–**	**(2,653)**	**(2,653)**
Issue of shares	**–**	**–**	**–**	**(4)**	**(4)**	**–**	**(4)**
Employee share-based payments	**–**	**–**	**–**	**(161)**	**(161)**	**190**	**29**
At June 30, 2021	**3,033**	**(54)**	**78**	**465**	**3,522**	**95,570**	**99,092**
At January 1, 2020	(3,688)	(7)	87	764	(2,844)	101,598	98,754
Loss for the period	–	–	–	–	–	(2,537)	(2,537)
Exchange difference arising from translation to presentation currency	(1,716)	–	–	–	(1,716)	–	(1,716)
Net investment hedge – net gain	20	–	–	–	20	–	20
Cash flow hedges: net movement in hedging reserve	–	5	–	–	5	–	5
Total comprehensive income for the period	(1,696)	5	–	–	(1,691)	(2,537)	(4,228)
Final dividend in respect of previous year	–	–	–	–	–	(2,653)	(2,653)
Employee share-based payments	–	–	–	(81)	(81)	113	32
At June 30, 2020	(5,384)	(2)	87	683	(4,616)	96,521	91,905

16. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The fair value of the Group's financial instruments are measured at the end of the reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified and determined with reference to the observability and significance of the inputs used in the valuation technique is as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs

(a) Financial assets and liabilities measured at fair value

(i) The level of fair value hierarchy within which the fair value measurements are categorized and analyzed below:

HK$ Million	Fair value		Fair value measurements categorized into
	June 30, 2021	December 31, 2020	
Financial assets			
Trade and other receivables			
Cross currency swaps (cash flow hedges)	**3**	2	Level 2
Other assets			
Investment in equity instruments	**78**	77	Level 3
Financial liabilities			
Trade and other payables			
Cross currency swaps (cash flow hedges)	**–**	(1)	Level 2
Interest rate swaps (cash flow hedges)	**(50)**	(59)	Level 2

16. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial assets and liabilities measured at fair value (Continued)

The fair value of the cross currency swaps and interest rate swaps is determined based on the amount that the Group would receive or pay to terminate the swaps at the end of the reporting period taking into account current interest rates and current creditworthiness of the swap counter-parties.

The fair value of non-publicly traded equity investments is determined by reference to the net asset value of these investments.

(ii) Transfers of instruments between the three-level fair value hierarchy

During the six months ended June 30, 2021, there were no transfers of instruments between Level 1 and Level 2, or transfers into or out of Level 3 (2020: Nil). The Group's policy is to recognize transfers between levels of fair value hierarchy as of the end of the reporting period in which they occur.

(b) Fair value of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortized cost were not materially different from their fair values as of December 31, 2020 and June 30, 2021.

17. COMMITMENTS

At the end of the reporting period, capital commitments not provided for in the interim financial report were as follows:

HK$ Million	**June 30, 2021**	December 31, 2020
Contracted for	**4,004**	4,304
Authorized but not contracted for	**14,988**	15,045
	18,992	19,349

The above commitments include mainly the construction related costs to be incurred in respect of the Group's development of investment properties in various cities in mainland China.

18. REVIEW AND APPROVAL OF INTERIM FINANCIAL REPORT

The interim financial report is unaudited, but has been reviewed by the Audit Committee. It was authorized for issue by the Board of Directors on July 29, 2021.

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

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

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

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

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

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

FINANCIAL CALENDAR

Financial period	January 1, 2021 to June 30, 2021
Announcement of interim results	July 29, 2021
Latest time for lodging transfers	4:30 p.m. on September 13, 2021
Closure of share register	September 14 to 15, 2021 (both days inclusive)
Record date for interim dividend	September 15, 2021
Payment date for interim dividend	September 29, 2021

SHARE LISTING

As at June 30, 2021, 4,499,101,670 shares are listed on The Stock Exchange of Hong Kong Limited. It has a sponsored American Depositary Receipt (ADR) Program in the New York market.

STOCK CODE

Hong Kong Stock Exchange: 00101
Reuters: 0101.HK
Bloomberg: 101 HK
CUSIP Number/Ticker Symbol for ADR Code: 41043M104/HLPPY

SHARE INFORMATION

Share price as at June 30, 2021: HK$18.86
Market capitalization as at June 30, 2021: HK$84.85 billion

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East, Wan Chai, Hong Kong
Tel: 2862 8555
Fax: 2865 0990

INVESTOR RELATIONS CONTACT

C.F. Kwan
Email: ir@hanglung.com