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

50 Anniversary
以心建家

Customer Focus 以客為先
Premium Brand 品牌卓越
Solid Foundations 實力雄厚

INTERIM REPORT 2021/22 中期報告

Stock Code 股份代號：16

1. ICC in West Kowloon, Hong Kong
   香港西九龍環球貿易廣場

2. IFC in Central, Hong Kong
   香港中環國際金融中心

3. ITC in Xujiahui, Shanghai
   上海市徐家匯ITC

4. Shanghai IFC in Lujiazui, Shanghai
   上海市陸家嘴上海國金中心

5. High Speed Rail West Kowloon Terminus Development, Hong Kong
   香港高鐵西九龍總站發展項目

6. Wetland Seasons Park, Hong Kong
   香港Wetland Seasons Park

Contents

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Board of Directors and Committees

BOARD OF DIRECTORS

Executive Directors	Kwok Ping-luen, Raymond *(Chairman & Managing Director)* Wong Chik-wing, Mike *(Deputy Managing Director)* Lui Ting, Victor *(Deputy Managing Director)* Kwok Kai-fai, Adam Kwok Kai-wang, Christopher Tung Chi-ho, Eric Fung Yuk-lun, Allen Kwok Ho-lai, Edward *(Alternate Director to Kwok Ping-luen, Raymond)*
Non-Executive Directors	Kwan Cheuk-yin, William Kwok Kai-chun, Geoffrey
Independent Non-Executive Directors	Yip Dicky Peter Wong Yue-chim, Richard Li Ka-cheung, Eric Fung Kwok-lun, William Leung Nai-pang, Norman Leung Ko May-yee, Margaret Fan Hung-ling, Henry Wu Xiang-dong

COMMITTEES

Executive Committee	Kwok Ping-luen, Raymond Wong Chik-wing, Mike Lui Ting, Victor Kwok Kai-fai, Adam Kwok Kai-wang, Christopher Tung Chi-ho, Eric Fung Yuk-lun, Allen Yung Sheung-tat, Sandy Li Ching-kam, Frederick Fung Sau-yim, Maureen Chan Hong-ki, Robert Lam Ka-keung, Henry Lau Tak-yeung, Albert
Audit and Risk Management Committee	Li Ka-cheung, Eric* Yip Dicky Peter Leung Nai-pang, Norman Wong Yue-chim, Richard
Remuneration Committee	Wong Yue-chim, Richard* Li Ka-cheung, Eric Kwan Cheuk-yin, William Leung Nai-pang, Norman
Nomination Committee	Wong Yue-chim, Richard* Kwan Cheuk-yin, William Yip Dicky Peter Leung Nai-pang, Norman

* *Committee Chairman*

Financial Highlights and Corporate Information

FINANCIAL HIGHLIGHTS

For the six months ended 31 December	**2021**	2020	Change (%)
Financial Highlights (HK$ million)			
Revenue	**40,153**	46,070	-12.8
Profit attributable to the Company's shareholders			
— Reported	**15,186**	13,578	+11.8
— Underlying[(1)]	**14,818**	17,482	-15.2
Gross rental income[(2)]	**12,628**	12,361	+2.2
Net rental income[(2)]	**9,728**	9,496	+2.4
Financial Information per Share (HK$)			
Basic earnings per share for profit attributable to the Company's shareholders			
— Reported	**5.24**	4.69	+11.7
— Underlying[(1)]	**5.11**	6.03	-15.3
Interim dividend	**1.25**	1.25	–

Notes:
(1) Underlying profit attributable to the Company's shareholders excluded the net effect of change in the valuation of investment properties
(2) Including contributions from joint ventures and associates

CORPORATE INFORMATION

Company Secretary

Yung Sheung-tat, Sandy

Auditor

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

Registered Office

45th Floor, Sun Hung Kai Centre
30 Harbour Road
Hong Kong
Telephone : (852) 2827 8111
Facsimile : (852) 2827 2862
Website : www.shkp.com
E-mail : shkp@shkp.com

Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Solicitors

Woo Kwan Lee & Lo
Mayer Brown
Sit, Fung, Kwong & Shum

Principal Bankers

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Mizuho Bank, Ltd.
Agricultural Bank of China Limited
Industrial and Commercial Bank of China (Asia) Limited
MUFG Bank, Ltd.
Sumitomo Mitsui Banking Corporation
Hang Seng Bank Limited
DBS Bank Ltd.
Oversea-Chinese Banking Corporation Limited

CHOICE OF LANGUAGE OR MEANS OF RECEIPT OF CORPORATE COMMUNICATIONS

This interim report is now available in printed form in English and in Chinese, and on the website of the Company.

If (i) shareholders, who have received or chosen to receive or are deemed to have consented to receive this interim report by electronic means, wish to receive printed copies; or (ii) shareholders for any reason have difficulty in receiving or gaining access to this interim report on the Company's website, they may obtain printed copies free of charge by sending a request to the Company c/o the Share Registrar, Computershare Hong Kong Investor Services Limited, by post to 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or by email at shkp@computershare.com.hk.

For shareholders who wish to change their choice of language or means of receipt of the Company's future corporate communications free of charge, they may at any time notify the Company by giving reasonable notice (of not less than 7 days) to the Company c/o the Share Registrar by post or by email or by completing and returning the accompanying Change Request Form.

Chairman's Statement

I am pleased to present my report to the shareholders.

RESULTS

The Group's underlying profit attributable to the Company's shareholders for the six months ended 31 December 2021, excluding the effect of fair-value changes on investment properties, amounted to HK$14,818 million, compared to HK$17,482 million for the corresponding period last year. Underlying earnings per share were HK$5.11, compared to HK$6.03 for the same period last year.

Reported profit and reported earnings per share attributable to the Company's shareholders were HK$15,186 million and HK$5.24 respectively, compared to HK$13,578 million and HK$4.69 for the corresponding period last year. The reported profit for the period included an increase in fair value of investment properties net of deferred taxation and non-controlling interests of HK$872 million, compared to a decrease of HK$3,833 million for the same period last year.

DIVIDEND

The directors have declared an interim dividend payment of HK$1.25 per share for the six months ended 31 December 2021, the same as the corresponding period last year. The dividend will be payable on 17 March 2022.

BUSINESS REVIEW

Development Profit and Rental Income

Development Profit

During the period under review, profit generated from property sales reached HK$7,658 million, as compared to HK$12,366 million for the corresponding period last year. Contracted sales during the period totalled an approximate HK$23,000 million in attributable terms.

Rental Income

The Group's gross rental income during the period, including contributions from joint-ventures and associates, increased 2% year-on-year to HK$12,628 million, and net rental income rose by 2% year-on-year to HK$9,728 million.

Property Business – Hong Kong

Land Bank

During the period under review, the Group continued to replenish its development land bank through lease modification and land exchange. In October 2021, the Group completed the lease modification procedures for the large-scale residential project at Shap Sz Heung, which is about five-minute drive to MTR Wu Kai Sha Station. The total gross floor area of the project is increased by about one million square feet to around 5.8 million square feet. Integrating nature and the concepts of health and wellness to deliver harmonious cross-generational living, this project will contain commercial, sports and recreational as well as community facilities. It is expected to become the most sizeable and remarkable new residential community in the next decade.

As at 31 December 2021, the Group's attributable land bank in Hong Kong amounted to about 57.8 million square feet. This included about 23.6 million square feet of properties under development, which should be adequate to meet the Group's development needs over the next five to six years. The rest were diversified completed properties of around 34.2 million square feet across the city, an overwhelming majority of which are for rental and long-term investment purposes. The Group will continue to use various channels to replenish its land bank when appropriate opportunities arise, including active conversions of agricultural lands into buildable sites. A few agricultural land use conversions are in the final stages.

Property Development

Following impressive performance in the first half of 2021, Hong Kong's residential market has been slowing during the past few months as the local stock market stayed at relatively low levels and the number of local Omicron infections increased. Nevertheless, low interest rates and solid end-user demand continued to support the market, particularly for small- and medium-sized units. Looking forward, the market segment of small- and medium-sized flats will benefit from the latest announced relaxation of maximum loan-to-value ratio for mortgage financing under the Mortgage Insurance Scheme. In addition, the Northern Metropolis blueprint boosts homebuyers' confidence in residential projects in the area.

During the period, the Group's contracted sales in Hong Kong amounted to about HK$20,600 million in attributable terms. Major contributors included Wetland Seasons Bay Phases 1 and 2 near Hong Kong Wetland Park, The YOHO Hub in Yuen Long as well as Kennedy 38 in Kennedy Town. Apart from newly launched projects, the remaining units in completed properties like Cullinan West III in West Kowloon continued to receive positive market response.

The Group's dedication to premium building quality and services has made its projects the preferred choice for homebuyers. As always, a wide range of products with sophisticated designs, efficient layouts and customer-oriented services are provided to meet various needs. In a continuous effort to excel, the Group continues to introduce new design concepts catering to customer preferences. A wider use of technology in new development projects, including the introduction of artificial intelligence systems, adoptions of contactless devices and robotics applications, will not only enhance the efficiency and standards of property management but also offer hassle-free living to residents, which is particularly important during the pandemic. The Group also strives to elevate its projects to higher standards through the provision of a green, sustainable, intergenerational community with increased recreational and wellness facilities.

A total of four residential projects in Hong Kong comprising about 1.2 million square feet of attributable gross floor area were ready for handover during the period under review. In addition, approximately 22,000 square feet of retail space were completed and designated for long-term investment purposes. Project details are shown in the table below.

Project	**Location**	**Usage**	**Group's Interest** (%)	**Attributable Gross Floor Area** (square feet)
Wetland Seasons Park Phase 2 / Wetland Seasons Park Phase 3	9 Wetland Park Road, Tin Shui Wai	Residential	100	597,000
Regency Bay / Regency Bay II	23 Hoi Wong Road, Tuen Mun	Residential/Shops	100	307,000
Victoria Harbour II	133 Java Road, North Point	Residential	100	258,000
Central Peak II	18 Stubbs Road, Mid-Levels East	Residential	100	59,000
Total				**1,221,000**

Chairman's Statement

In the second half of this financial year, an approximate 1.4 million square feet of attributable gross floor area are scheduled for completion, of which about 1.3 million square feet are residential premises for sale, mainly from Wetland Seasons Bay Phases 1 and 2. Due to a rapid wave of Omicron cases and the subsequent stringent anti-pandemic measures, the on-site environment of Hong Kong's construction industry has been severely disrupted. Whenever there is an infection at a site, construction works will be suspended for disinfection and COVID-19 testing. A pandemic-induced shortage of labour due to either quarantine measures or workers' unwillingness to report duty has also made an impact on the industry. Besides, the supply chain of goods from the mainland is impeded by stringent containment measures for cross-boundary goods vehicle drivers. These factors have posed a risk to the Group's projects under construction and may delay their planned schedules for completion.

Property Investment

The Group's gross rental income from Hong Kong during the period under review, inclusive of contributions from joint ventures and associates, amounted to HK$8,928 million, representing a 3% year-on-year decline. The overall average occupancy of the Group's diversified rental portfolio for the period was about 91%.

During the period, the performance of the Group's retail portfolio continued to improve with increased leasing activities while social distancing measures were further relaxed. The malls with a local focus saw their footfall resume almost to pre-pandemic levels. Overall occupancy of the portfolio has remained steady. Nevertheless, the performance of tourist-focused malls remained under pressure due to the absence of tourists.

In view of the recent escalation in Omicron variant infections and much more stringent social distancing measures implemented subsequently, the near-term operating environment for the Group's shopping mall business has become increasingly tough. To cope with the situation, the Group has responded swiftly and introduced a series of initiatives such as elevating the hygienic standards of its properties to ensure a safe and healthy environment for its customers, tenants and employees to shop and work in. The Group also proactively maintains frequent communication with tenants and implements timely and appropriate measures to sustain their business.

The Group's well-versed leasing team continues to optimize the tenant mix in accordance with the latest market trends. New food and beverage outlets, such as pet-friendly cafes and eateries which provide special cuisines and experiential dining, have been introduced. The Group also continues to present trendy pop-up stores and popular thematic installations, and carries out asset enhancement works to upgrade open spaces featuring green elements and parent-child recreational facilities. All these initiatives will help the Group deliver a fresh leisure and shopping experience and boost tenant sales over time.

The Group continued to work closely with tenants to organize promotions to boost tenant sales brought by the Consumption Voucher Scheme during the period. A new round of consumption vouchers has been announced in the latest Budget of the HKSAR Government to stimulate local spending. The Group will, as always, partner with tenants to launch promotional activities, helping them to seize business opportunities and increase sales. Moreover, the Group has continued to team up with business partners and strengthen collaboration between its business arms. The Point by SHKP, a loyalty programme for the Group's malls with 1.8 million members, took a step further to form a strategic collaboration with the Group's five Royal brand hotels via the Go Royal by SHKP, a mobile-based loyalty programme to be launched for hotels. The two loyalty programmes will share a common bonus point currency, allowing members to earn loyalty points upon spending at both shopping malls and hotels. The new features are expected to increase customers' loyalty to the Group's malls, driving shopper spending and tenant businesses.

Chairman's Statement

The Group's 10-million-square-foot diversified office portfolio recorded satisfactory overall occupancy during the period despite a challenging office leasing market in Hong Kong. The rental performance, however, was affected as leasing demand was still constrained by cross-border travel restrictions. Given their prestigious locations, comprehensive facilities, green building specifications and professional management, the iconic IFC in core Central and ICC in West Kowloon continued to appeal to leading international financial institutions and mainland corporates. IFC was almost fully let while occupancy of ICC remained satisfactory. The two landmarks saw expansion of some existing tenants, including securities and wealth management firms, following the official launch of Wealth Management Connect in September 2021. In Kowloon East, the Millennium City continued to attract and retain mid-to-large corporations with its large floor plates and single ownership, boosting the resilience of its occupancies amid fierce competition in the area.

The Group's property investment portfolio will be further expanded with new quality properties of about five million square feet in attributable terms under development. The large-scale project atop the High Speed Rail West Kowloon Terminus will comprise about 2.6 million square feet of premium grade-A offices and some 600,000 square feet of retail space. The Group holds a 100% interest in the retail portion and nearly 1.2 million square feet of office space as long-term investment. Designed to obtain Platinum ratings from LEED, WELL and BEAM Plus certifications, the commercial landmark will come with inviting green and wellness elements. Under the latest approved plan, the project will offer open green spaces of some 100,000 square feet and part of the 1.5-kilometre-long West Kowloon Parkway linking old and new communities. The design will further benefit the general public through the provision of smooth pedestrian connectivity with West Kowloon Cultural District and its neighbouring areas, bringing about positive interactions and creating a green and harmonious district supported by integrated facilities. With an extensive transportation network connecting to other parts of Hong Kong and mainland cities, the development will create synergy with the Group's ICC and two five-star hotels nearby, and is expected to be a major business hub in the Greater Bay Area. The basement work of this project is under way.

Synergizing with the Millennium City cluster, the joint-venture 98 How Ming Street development in Kowloon East is expected to be completed in 2023 with Platinum rating from both LEED and WELL certifications. Two grade-A office towers of 650,000 square feet have been topped out and pre-leasing activities are progressing well. Scheduled to open in 2024, the retail podium of 500,000 square feet will become a one-stop modern lifestyle mall. This retail podium, together with APM, will form a shopping hub of nearly 1.1 million square feet for the area.

The Yuen Long Station Development will provide additional retail space of 107,000 square feet to the existing YOHO Mall. Following the scheduled opening of this extension in 2023, the mega YOHO Mall will be further expanded to about 1.1 million square feet, becoming the largest mall in northwest New Territories. It is expected to achieve great success on a par with New Town Plaza, the Group's flagship mall in eastern New Territories. The expanded YOHO Mall, together with retail space of 132,000 square feet adjoining the future MTR Kwu Tung Station and the office-cum-retail project adjacent to MTR Tin Shui Wai Station in Yuen Long, will contribute to the development of Northern Metropolis as a promising area to live, work and shop.

Chairman's Statement

Property Business – Mainland

Land Bank

As at 31 December 2021, the Group's total attributable land bank on the mainland stood at 71.1 million square feet. About 53.6 million square feet were properties under development, of which 43% will be developed into quality residences for sale. An overwhelming majority of the remaining 17.5 million square feet were completed properties in strategic locations for rental and long-term investment purposes. The Group will adhere to its selective and focused approach to seeking business opportunities in major cities on the mainland.

Property Development

The tightened policy environment towards the housing market has shown signs of modest loosening in mortgage financing to support reasonable home demand since the fourth quarter of 2021. The principle of 'houses are for living in, not for speculation' continues to underpin the healthy development of the residential market over the long term.

During the period under review, the Group's attributable contracted sales amounted to about RMB2,000 million. Major contributors included the sales of the wholly-owned Grand Waterfront in Dongguan as well as several joint-venture projects such as TODTOWN in Shanghai, Taihu International City in Wuxi, Oriental Bund in Foshan and Chengdu ICC.

The Group completed three projects with a combined attributable gross floor area of about 2.2 million square feet during the period. Project details are shown in the table below. In the second half of this financial year, the Group is expected to complete a total gross floor area of about 3.2 million square feet on the mainland, including the 220-metre-tall office tower at ITC in Shanghai. The office tower will provide over one million square feet of quality office space to tenants.

Project	**Location**	**Usage**	**Group's Interest** (%)	**Attributable Gross Floor Area** (square feet)
Jovo Town Phase 3A	Chengdu	Residential	91	1,228,000
Oriental Bund Phase 3B, 4A & 4B	Foshan	Residential/ Shops/Office	50	759,000
Lake Genève Phase 2A	Suzhou	Residential	90	245,000
Total				**2,232,000**

Property Investment

The Group's gross rental income from the mainland, including contributions from joint-ventures and associates, registered a 12% year-on-year growth to RMB2,781 million during the period. The increase was primarily driven by the robust performance of its retail portfolio.

Supported by the healthy retail market, the Group's premium malls in Shanghai, totalling about three million square feet, delivered solid performance with high occupancy during the period. Shanghai IFC Mall in Pudong, a must-visit venue housing the most elite brands, continued to record healthy growth in tenant sales from a high base. Its catchment area has been further enhanced following the opening of the new section of a metro line in December 2021. Bringing in popular modish brands and concept stores, IAPM in Puxi remains a magnet for well-to-do young shoppers, while One ITC, also in Puxi, houses an assortment of high-end brands with trendy art decorations, offering an instagrammable shopping experience to customers.

Chairman's Statement

The performance of the Group's shopping malls in other major cities remained satisfactory despite the impact of the pandemic in some districts. In Beijing, Beijing APM registered high occupancy during the period although its traffic was affected by a limited number of tourists. The mall has further improved convenience for shoppers after a new connection to the metro station opened in late 2021. Two joint-venture malls in Guangzhou, IGC and Parc Central, continued to record high occupancies during the period. Supported by the resilient domestic consumption from middle-class families and workers in the area, tenant sales of IGC remained solid. Affording vast outdoor space and greenery, Parc Central is a popular choice for leading brands to hold signature events and open pop-ups.

Known for its premium building quality and attentive customer service, the Group's grade-A office portfolio in Shanghai remained an ideal choice for multinationals and local corporates and recorded high occupancy notwithstanding keen competition. The Group's office space at Shanghai IFC continued to draw renowned financial institutions with its prime location and an endorsement from LEED. The completed offices in ITC and Shanghai ICC also achieved satisfactory performance. The two office towers of Nanjing IFC, the Group's premium integrated development in Nanjing, kept attracting reputable foreign and domestic corporations from diverse industries despite a challenging leasing environment and pandemic-related disruptions. Nanjing One IFC registered a committed occupancy of about 85%, while occupancy of Nanjing Two IFC continued to ramp up.

The Group will continue to develop premium integrated projects on the mainland over the long term. Construction of the remaining phase of the mega ITC in Shanghai is progressing as planned. Its 220-metre office tower is scheduled for completion in mid 2022 and received enthusiastic pre-commitments. Other portions of the phase, including a 370-metre office tower, a mega mall of about 2.5 million square feet and the Andaz Shanghai ITC hotel, will be completed in phases from 2023 onwards. The well-planned footbridges linking different phases will significantly boost the connectivity of the entire development and the area. In Nanjing, boasting a gross floor area of over one million square feet, the Nanjing IFC mall will feature an assortment of top retail brands and popular restaurants. It is scheduled to open in phases from mid 2022 onwards.

In Hangzhou, construction work of the Jianghehui integrated development, named Hangzhou IFC, has been progressing as planned. The nine-million-square-foot-plus joint-venture project will enjoy excellent connectivity with its proximity to two metro lines and a proposed new line. It is set to benefit from the added vibrancy brought by emerging opportunities in Hangzhou, the host city of the Asian Games 2022. In Guangzhou, the groundbreaking of the Group's TOD project adjacent to Guangzhou South Railway Station was held in late December 2021. Covering a gross floor area of 9.3 million square feet, the integrated landmark will be completed in phases starting from 2025 onwards. Over 40% of the gross floor area will be held for long-term investment and the remainder will be put up for sale. Sitting atop the key transportation hub in the Greater Bay Area, the project will offer excellent station-city integration and further expand the Group's footprint in the Area.

The Group aims to maintain the competitive edge of its rental portfolio by carrying out asset enhancement works. Sun Dong An Office Tower in Beijing is now under renovation, which is expected to be completed by the end of this year.

Chairman’s Statement

Other Businesses

Hotels

During the period under review, the performance of the Group’s hotels in Hong Kong improved amid a well-contained local pandemic situation, particularly the Royal brand hotels which have been successful in attracting more long-stay local customers. The food and beverage business, particularly banquet, also benefitted from more relaxed social distancing measures. Nevertheless, the near-term operating environment is likely to be very challenging given the impact of the recent Omicron outbreak in Hong Kong.

In addition to various measures to raise operational efficiency in this challenging environment, the hotel management team continued to strengthen its marketing and sales channels to boost business. A partnership with The Point by SHKP, the Group’s integrated loyalty programme for its malls, has been conducive to the sales of hotel rooms. The appeal of the Group’s hotels also increased through enhancing customer experience by means of a wider use of smart technology. Besides, the Go Royal by SHKP loyalty programme, which covers the Group’s five Royal brand hotels and their 20 restaurants, will be launched to drive customers’ spending through a bonus point programme. The Group has fine-tuned the business model of some of its hotels to better serve customers’ needs arising from the pandemic.

During the period, the overall performance of the Group’s hotels on the mainland were affected by the intermittent pandemic. The Group will continue to develop premium hotels within its integrated developments in major cities on the mainland, including Andaz Nanjing and Andaz Shanghai ITC. Andaz Nanjing at Nanjing IFC is scheduled to open in the second half of 2022 while Four Seasons Hotel Suzhou is planned to open in 2023, both in phases.

Telecommunications and Information Technology

SmarTone

The operating environment for SmarTone remained challenging during the period under review. Roaming revenues stayed at a low level while the local mobile market continued to be competitive. Additional amortization costs were incurred, primarily relating to the 4G spectrum renewal committed to several years ago. Against such headwinds, the company has taken steps to strengthen its fundamentals. The cost optimization initiative improved productivity and yielded material savings. The adoption of 5G by consumers continued to be strong, bolstered by the truly world-class 5G network built by the company. There is also an encouraging ramp-up of 5G Home Broadband service, which is fast and cost competitive. On the business side, the company’s enterprise solutions business has continued to grow. In fact, the Group’s various businesses have become a major client of SmarTone in their journey towards digital transformation. As a result, SmarTone’s profitability during the period has improved materially after discounting the impact of government subsidies in the previous financial year.

SmarTone has invested heavily in building a state-of-the-art 5G network in Hong Kong. The company believes that the development of Hong Kong into a technology hub hinges on the availability of a world-class digital infrastructure like 5G, and it must ensure businesses and consumers alike understand how to leverage 5G. In light of customers’ changing lifestyles and needs, the company’s 5G network is expanding to cover country parks and hiking trails as well as the community isolation facility at Penny’s Bay. Since opening in May 2021, the 5G Lab at Sky100 Hong Kong Observation Deck has now welcomed about 400,000 visitors. It has also hosted students from more than 200 high schools, with the objective of educating the youth and raising their interest in technology. The Group remains confident of SmarTone’s prospects and will continue to hold its stake in the company as a long-term investment. The Group will also leverage SmarTone as its telecommunication technology arm for the adoption of technology to improve customers’ experience.

SUNeVision

During the period under review, SUNeVision recorded healthy business growth, driven largely by demand from both existing and new customers. The digitalization process for businesses and consumers continues to accelerate on the back of increasing cloud adoption and accelerating 5G usage.

Looking ahead, SUNeVision has a strong pipeline for growth. The two self-owned greenfield projects, namely MEGA Gateway in Tsuen Wan and Phase I of MEGA IDC in Tseung Kwan O, are both targeted to open within the next 12 to 18 months. Upon their completion, the total gross floor area of the company's data centre in Hong Kong will grow from the current 1.4 million square feet to almost three million square feet. The company's power capacity will quadruple from the current 70MW to over 280MW to better serve customers. These two greenfield projects have already drawn pre-commitments and keen interest from customers. With superior infrastructure and power capacity, MEGA IDC is built on a site dedicated for data centre development, and is free from any subletting restrictions which are placed on sites in the nearby industrial estates. MEGA Fanling, the company's eighth data centre, will also start to operate soon. It is already fully committed and will be occupied by a single cloud tenant. SUNeVision will continue to actively source opportunities for future growth, and invest in best-in-class infrastructure and services including the adoption of Environmental, Social and Governance (ESG) measures to serve its customers.

Infrastructure and Other Businesses

During the period under review, the Group's infrastructure and transport businesses reported mixed performance amid the COVID-19 pandemic. Wilson Group's business achieved steady growth on the back of improving domestic consumption, but traffic at Route 3 (CPS) was still negatively impacted by the continued cross-border travel restrictions. The Hong Kong Business Aviation Centre (HKBAC) has continued to be heavily impacted by the virtual stoppage of cross-border travel. Nevertheless, the Group is confident in its long-term prospects, and in April 2021 completed an agreement with the Hong Kong International Airport to extend the franchise. The Airport Freight Forwarding Centre performed well amid the challenge of disrupted supply chains under the pandemic. The River Trade Terminal recorded good business growth as well, supported by increased throughput and business from new customers.

YATA has expanded its product range, especially in fresh produce, to provide customers with more choices. It has also adopted technology to enhance customer satisfaction, such as reducing checkout waiting time. YATA will continue to expand the store network to increase its coverage in Hong Kong and bring excitement to customers.

Chairman's Statement

Corporate Finance

To reaffirm its commitment to prudent financial discipline, the Group has always maintained a low gearing and high liquidity. As at 31 December 2021, it recorded a low net debt to shareholders' funds at 17.5% and high interest coverage of 13 times. Attaching great importance to credit ratings, the Group maintains a score of A1 and A+ with stable outlooks from Moody's and S&P respectively, the highest among Hong Kong real estate companies.

During the period, the Group launched its debut 4-year HK$8,650 million sustainability-linked loan. The overwhelming response from the banking community demonstrated its ongoing efforts in ESG policies. The Group will continue to look for opportunities in ESG financing. In the private placement market, the Group issued HK$1,400 million 3-year bonds and HK$690 million 7-year bonds.

In late 2021, credit default incidents of certain mainland property developers inevitably brought woes and turmoil to the mainland property sector, which also spilled over to the financing end. Nevertheless, the Group's credit conditions and operations on the mainland remained good, gaining strong support from major banks. The Group also looked for other financing tools from time to time to ensure stable funding for its mainland operations.

The Group has not entered into derivative transactions for speculative purposes. A majority of the Group's borrowings are denominated in Hong Kong dollars and the rest are mainly in US dollars and Renminbi. Its overall foreign exchange exposure from debt financing is at a controllable level.

Corporate Governance

The Group adopts a set of comprehensive mechanisms to uphold high standards of corporate governance, which is crucial for its sustainable businesses and for safeguarding the interests of its stakeholders.

The Board of Directors oversees the Group's overall strategy, business direction and development, including its sustainability strategies. The Board consists of 17 members who come from different backgrounds and have a diverse mix of professional experience. All of the seven Executive Directors together with senior executives from the Group's core business units form the Executive Committee to formulate business policies and make decisions on key issues. Backing the Executive Committee and co-led by two Deputy Managing Directors, the Group's Crisis Management Taskforce deals with major urgent matters, including the pandemic situation. Almost half of the Board members are Independent Non-Executive Directors (INEDs) to ensure the objectivity of the Board's decision-making process. The three Board Committees, namely Audit and Risk Management Committee, Nomination Committee and Remuneration Committee, all chaired by INEDs, play a vital role in supporting the Group to maintain effective risk management and internal control systems.

The Group discloses corporate information in a timely manner and engages its stakeholders via different channels, including a proactive investor-relations programme, in order to enhance transparency. As an endorsement of its outstanding management, good corporate governance and interactive communication with stakeholders, the Group has earned numerous awards and accolades from leading financial publications over the years. During the period under review, major recognitions were received from *Euromoney, Bloomberg Businessweek/Chinese Edition* and *Asiamoney*.

Chairman's Statement

Sustainable Development

Guided by its belief in Building Homes with Heart, the Group integrates sustainable elements into every aspect of its operations to create long-term value for stakeholders and the community at large. The positive impact of its sustainability practices has continued to earn the Group recognition from the investment community and ESG rating agencies. In addition to being a constituent member of the FTSE4Good Global Index and attaining a rating of A in the MSCI ESG Ratings assessment, the Group remained a top-three company in the Hang Seng Corporate Sustainability Index.

Environment

The Group's commitment to the environment is demonstrated right from the start of building construction through to property management, and is reinforced by its new 10-year environmental targets covering greenhouse gas emissions, energy consumption, water use and construction waste diversion. While attaining prestigious green certifications for its major completed developments, the Group aims to obtain LEED certifications with gold or above ratings for all its major new properties for investment purposes.

To support the national goal of achieving carbon neutrality, the Group strives to reduce energy consumption and greenhouse gas emissions of its developments with green design and convenient eco-friendly facilities. It seeks to adopt renewable energy through an extensive plan to install solar panels at its properties. By the end of 2022, the developments under its management with solar panel installations are expected to increase from 26 to about 45.

The Group also actively supports the use of electric vehicles (EVs) to reduce greenhouse gas emissions and improve roadside air quality, with more EV charging stations being installed at its commercial and residential buildings. Contributing to the development of sustainable public transport, the Group has encouraged its associate, Transport International, to use electric buses extensively. The bus fleet will continue to go green by using different types of new energy. In addition, solar panels have been installed on more than 1,000 buses to help save electricity.

To minimize waste and other negative impacts of the construction process, the Group adopts sustainable building methods including Building Information Modelling (BIM) and precasting wherever feasible. Exothermic welding was used as the first of its kind in Hong Kong during a new project's construction to help curb fume emissions. The Group was also the first developer in the city to adopt the Bridge Launching Technique by Rotation, saving 60% construction time while minimizing construction noise and public inconvenience caused by road closures.

The Group's endeavours to integrate conservation with development are demonstrated by projects like PARK YOHO, Wetland Seasons Park and Wetland Seasons Bay. The designs of these projects emphasize nature conservation, allowing residents to live in harmony with wildlife. To bring the wider public closer to nature, the Group set up urban farms at a number of residential, commercial and industrial developments. More open spaces at its shopping malls and office buildings have been optimized with landscaped designs to create a more relaxing ambience.

Social

The Group adopts a multi-pronged strategy to enhance the social, physical and mental well-being of the community. Collaborating with different sectors of society for worthy causes, the Group is dedicated to making Hong Kong a better place to live, work, and nurture the next generations.

In tune with the HKSAR Government's policies to cope with a housing shortage, the Group made a project application for the Land Sharing Pilot Scheme with a site near Tung Shing Lei in Yuen Long. It is planned to provide around 4,000 public and private housing units in the short-to-medium term. On the transitional housing front, United Court in Yuen Long, which is built on a site leased by the Group to Hong Kong Sheng Kung Hui Welfare Council at a nominal rent of HK$1, will provide a decent living environment at a very affordable rent to people in need. The intake of residents is expected to commence in mid 2022. Taking into account families moving in and out, the 1,800 units of United Court are expected to ultimately benefit about 5,000 underprivileged families.

The Group continues to care for the less fortunate. In addition to distributing daily necessities and providing basic home decoration services to the underprivileged, the SHKP Volunteer Team has partnered with a non-governmental organization to launch a year-long programme to support single mothers and their children. The programme fills the beneficiaries with positive energy and optimism, so they will feel confident about overcoming challenges in life.

Recently, the Omicron infections have surged in Hong Kong. The Group goes all out to support the HKSAR Government to fight against this latest wave of pandemic, hoping that different sectors can join hands to combat the virus. A number of key initiatives are in place. First, the Group lends for free two pieces of land with a combined attributable site area of 1.2 million square feet to the HKSAR Government for building community isolation and treatment facilities. Second, the Group would provide additional places at its office and mall premises, including APM in Kwun Tong, Landmark North in North District and YOHO Mall in Yuen Long, as venues for community vaccination. All these properties enjoy direct and convenient access to MTR stations. Third, the Group will donate 400,000 COVID-19 rapid test kits to frontline anti-pandemic forces, the underprivileged and the Group's employees. Fourth, the Group would also provide 25 medical disinfection robots to public hospitals and clinics to help prevent the spread of virus in such premises. In addition, the Group continues to motivate people to receive a vaccine. During the period, it rolled out a city-wide daily lucky draw campaign to promote vaccination. This was followed by another lucky draw held by the SHKP Club to encourage its 470,000-plus members and their families to get vaccinated. The Club also reinforced its role as a two-way communication vehicle between the Group and its customers through various means to keep tabs on customers' needs for continuous improvement.

The Group has operated Ma Wan Park, including Noah's Ark Hong Kong and Ma Wan Park Nature Garden, since 2007 with a dedication to promoting ESG initiatives. Noah's Ark Hong Kong has collaborated with 1,400 local charity groups to organize 10,000-plus life education and public welfare activities for more than 680,000 people. About half of the participants were children and youngsters, and the remainder were the underprivileged comprising the elderly, the disabled and the chronically ill. These demonstrate the Group's proactive effort to promote environmental protection and care for the underprivileged as well as the elderly. Ma Wan Park has attracted 7.16 million visitors in the past 14 years, bringing them unconventional experiences through a series of environmental, scientific exploration, parent-child and life education workshops.

Chairman's Statement

Contributing to Hong Kong's development into an international innovation and technology hub, the Group leverages its resources to educate the public, particularly the young generation, on 5G and other cutting-edge technologies. Through its online platform Read For More and outreach activities in schools, the SHKP Reading Club enhances students' knowledge of innovation and technology as well as Science, Technology, Engineering and Mathematics (STEM) in its ongoing promotion of reading. Presenting a range of innovative 5G applications, SmarTone's 5G Lab at Sky100 Hong Kong Observation Deck is dedicated to arousing the young generation's interest in technology. Its 5G STEM classes and guided tours have benefitted over 200 schools.

During the period, the Group continued to promote sports and healthy living by being the title sponsor of the Sun Hung Kai Properties Hong Kong 10K Championships. To further enhance the development of cycling sports, the SHKP Cycling Academy launched its training centres at three secondary schools as training hubs for schools in respective districts. This not only allows students to have professional and systematic cycling training but also raises their awareness of road safety and helps them develop positive thinking and perseverance as part of character training. The scheme will be promoted to around 5,000 students and aims to train 400 people every year.

The Group continues to increase its talent pool, particularly people with digital and data analytical skills, to sustain its business development and expansion over time. Staff members are provided with opportunities to acquire or improve their digital and technological knowledge and skills for better job performance and personal growth in an increasingly digitalized world. In view of the recent Omicron outbreak in Hong Kong, the Group has made arrangements for employees to work from home wherever practicable to reduce the risk of virus transmission. The Group arranges nucleic acid tests to be conducted on-site for targeted groups, including frontline staff and those who have been in close contact with COVID-19 patients, to reduce employees' risk of being exposed to crowd gatherings. This helps provide them with much convenience and ease their concerns. In addition, the Group will also arrange all its headquarters staff to undergo a nucleic acid test, ensuring them a safe work environment.

PROSPECTS

2022 is likely to remain challenging with a number of uncertainties. Existing and new COVID-19 variants are still a major threat to the global economy. Frequent mutations of the virus, intermittent quarantine measures, suspension of international flights and persistent disruptions of global supply chains are obstacles to a full economic recovery. Meanwhile, major central banks are either implementing quantitative tapering or raising interest rates amid rising inflation. Geopolitical risks, including escalating Russia-Ukraine crisis and continuing Sino-US tensions, remain a headwind. On a brighter note, increased availability and broader uptake of vaccines coupled with continuous advancement of antiviral pills will help manage these pandemic-related challenges. This will boost market confidence and global economic recovery.

The mainland economic development is facing pressure from both global and local uncertainties while industries such as real estate are consolidating. Nevertheless, the Central Government has been upholding a series of measures to safeguard macroeconomic stability and growth, and current adjustments will likely be beneficial from a long-term perspective. Meanwhile, well-contained COVID-19 infections amid effective measures against the pandemic will continue to provide a normal, favourable environment for households and businesses. Various supportive macro initiatives to stimulate the vitality of market entities, including fiscal and monetary policies, will be conducive to stable, reasonable economic growth. The dual circulation strategy, together with intensified efforts to promote the development of technology and innovation as well as a green economy, will continue to have positive economic impacts. The upside for the country will elevate the economy to a new level, significantly enlarging the middle-income population over the long term.

Chairman's Statement

Hong Kong's social and political environment has turned stable and positive over the past two years, providing a solid foundation for the local economy to move forward. Continuous growth in merchandise trade will underpin Hong Kong's economy in the near term. Nevertheless, the recent outbreak of Omicron variant infections is expected to bring additional challenges to the local economy, particularly domestic consumption and contact-intensive industries. The Group proactively contributes to HKSAR Government's anti-pandemic efforts. It firmly believes that Hong Kong will be able to overcome the pandemic with the full support from the Central Government, similar to mainland cities which are able to achieve 'dynamic zero infection' rapidly and effectively. All these will be conducive to a gradual resumption of quarantine-free travel with the mainland, driving a full recovery of the local economy. In addition, the relief measures and economic stimulus initiatives introduced in the latest Budget of HKSAR Government will give added impetus to the city's economic recovery. Over the long term, with its advantage under 'One Country, Two Systems' and increasing integration into the national development, Hong Kong will boost its status as an international hub of finance, transportation and trade and develop into an international centre for innovation and technology.

The Group is confident about the prospects of the mainland and Hong Kong and will continue to invest in the country. It will carry on strengthening its property development business with selective land acquisitions when good opportunities arise. The Group will keep putting up new projects for sale once ready, both on the mainland and in Hong Kong. Over the next 10 months, major projects planned to go on the city's market include a new phase of Victoria Harbour in North Point, Prince Central in Ho Man Tin, Wetland Seasons Bay Phase 3, the first phase of a residential project next to MTR Siu Hong Station in Tuen Mun, the first phase of a residential development in Pak Shek Kok, and the second phase of St Michel in Sha Tin. An industrial building in Tsuen Wan is also scheduled for sale. Nevertheless, both the schedule of the new launches and the issuance of government approvals for pre-sales may be affected by the pandemic situation. On the mainland, the wholly-owned residential units from Shanghai Arch in Shanghai, Park Royale and the Guangzhou South Railway Station development in Guangzhou will go on the market. In addition, several joint-venture projects are expected to be on offer, including residential units at Hangzhou IFC in Hangzhou, Jovo Town in Chengdu, The Woodland in Zhongshan and Oriental Bund in Foshan.

On the property investment side, the Group will keep expanding its portfolio and strengthening its recurrent income stream by developing new integrated projects. In Hong Kong, the extension of YOHO Mall in Yuen Long will be opened in 2023 while the Group's office-cum-retail development in Kwun Tong will be completed. In addition, the 220-metre-tall office tower at ITC in Shanghai is scheduled for completion in mid 2022. Andaz Nanjing and Nanjing IFC mall in Nanjing are planned to open in phases from the second half of 2022. A number of integrated landmark projects are expected to be fully completed by the end of financial year 2025/26, including the mega ITC in Shanghai and Hangzhou IFC in Hangzhou. Accordingly, the Group's property investment portfolio will increase by a total of about 16 million square feet, of which about 80% will be from the mainland. The Group will be well-positioned to take advantage of the opportunities arising from growing domestic spending under the dual circulation strategy. In financial terms, the Group's total recurrent income from the mainland is expected to show a phenomenal growth from the current level. Over the long term, the Group's recurrent income will see further growth momentum upon the completion of the High Speed Rail West Kowloon Terminus integrated development in Hong Kong and the Guangzhou South Railway Station project in Guangzhou. The Group will also continue to selectively look for landmark integrated projects with great potential in major mainland cities.

Chairman's Statement

The latest Omicron wave has made Hong Kong's operating environment more challenging. The Group has taken extra preventive measures to raise the hygiene standards of its residential and commercial properties, ensuring a safe and comfortable environment for residents, customers, tenants and employees. The Group also proactively maintains frequent communication with shopping mall tenants and introduces appropriate supportive measures according to different circumstances. Meanwhile, the Group continues to excel itself by raising product quality and service standards to meet the latest customers' needs and preferences. A wider use of smart technology in new project developments will bring exceptional experience and convenience to homebuyers and tenants as well as shoppers. The Group will also make extra efforts to deal with climate change and achieve sustainable development. It aims to obtain green certifications such as LEED with gold or above ratings for all the major new properties for investment. De-carbonization initiatives, such as the installation of EV charging stations and solar panels wherever feasible, are being introduced in new projects. The Group believes all these measures will not only better serve its customers but also contribute to the greater good of society.

During the past half-century, the Group has weathered good and bad times alongside the people of Hong Kong. The Group firmly believes that Hong Kong will continue with its success as the Pearl of the Orient under 'One Country, Two Systems', given its well-established Common Law system, world-class business standards and practices, comprehensive infrastructure and hard-working and perseverant people. The Group reaches an important milestone in 2022 as the year marks the 50th anniversary of its public listing in Hong Kong. As always, the Group will adhere to its commitment to Hong Kong while upholding its philosophy of Building Homes with Heart. With its premium brand and product quality, customer-centric culture, seasoned management team and strong financial position, the Group will continue its journey to success and scale new heights in the coming decades.

APPRECIATION

I would like to take this opportunity to express my sincere gratitude to all staff for their commitment, diligence and contribution, particularly in ensuring the Group's effective operations and providing quality customer services amid the fluctuating pandemic situation. I would also like to thank my fellow directors for their guidance and our shareholders and customers for their continued support.

Kwok Ping-luen, Raymond
Chairman & Managing Director

Hong Kong, 24 February 2022

Report on Review of Condensed Consolidated Financial Statements

Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF SUN HUNG KAI PROPERTIES LIMITED
(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Sun Hung Kai Properties Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 19 to 41, which comprise the consolidated statement of financial position as at 31 December 2021 and the related consolidated income statement, consolidated statement of comprehensive income, condensed consolidated statement of cash flows and consolidated statement of changes in equity for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

DELOITTE TOUCHE TOHMATSU
Certified Public Accountants
Hong Kong
24 February 2022

Consolidated Income Statement

For the six months ended 31 December 2021
(Expressed in millions of Hong Kong dollars)

	Notes	(Unaudited) Six months ended 31 December 2021	2020
Revenue	2	**40,153**	46,070
Cost of sales		**(20,253)**	(21,569)
Gross profit		**19,900**	24,501
Other net income		**607**	627
Selling and marketing expenses		**(2,118)**	(2,829)
Administrative expenses		**(1,482)**	(1,276)
Operating profit		**16,907**	21,023
Change in fair value of investment properties		**1,038**	(3,240)
Finance costs		**(1,103)**	(1,172)
Finance income		**186**	155
Net finance costs	4	**(917)**	(1,017)
Share of results of:			
Associates		**125**	674
Joint ventures		**1,829**	675
		1,954	1,349
Profit before taxation	5	**18,982**	18,115
Taxation	6	**(3,468)**	(4,140)
Profit for the period		**15,514**	13,975
Profit for the period attributable to:			
Company's shareholders		**15,186**	13,578
Perpetual capital securities holders		**–**	66
Non-controlling interests		**328**	331
		15,514	13,975
(Expressed in Hong Kong dollars)			
Earnings per share based on profit attributable to the Company's shareholders (reported earnings per share)	7(a)		
Basic		**$5.24**	$4.69
Diluted		**$5.24**	$4.69
Earnings per share excluding the effect of change in fair value of investment properties net of deferred tax (underlying earnings per share)	7(b)		
Basic		**$5.11**	$6.03
Diluted		**$5.11**	$6.03

Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2021
(Expressed in millions of Hong Kong dollars)

	(Unaudited) Six months ended 31 December	
	2021	2020
Profit for the period	**15,514**	13,975
Items that may be reclassified subsequently to profit or loss:		
Exchange difference on translation of Mainland operations	**1,808**	6,883
Cash flow hedge		
– fair value gains/(losses) recognized directly through other comprehensive income	**218**	(231)
– fair value gains transferred to consolidated income statement	**(33)**	(9)
	185	(240)
Debt securities		
– fair value (losses)/gains recognized directly through other comprehensive income	**(25)**	3
– fair value gains transferred to consolidated income statement	**(6)**	–
	(31)	3
Share of other comprehensive income of associates and joint ventures	**483**	2,070
Items that will not be reclassified to profit or loss:		
Fair value losses of equity securities at fair value through other comprehensive income	**(80)**	(66)
Share of other comprehensive income of an associate	**155**	145
Other comprehensive income for the period	**2,520**	8,795
Total comprehensive income for the period	**18,034**	22,770
Total comprehensive income for the period attributable to:		
Company's shareholders	**17,672**	22,177
Perpetual capital securities holders	**–**	66
Non-controlling interests	**362**	527
	18,034	22,770

Consolidated Statement of Financial Position

As at 31 December 2021
(Expressed in millions of Hong Kong dollars)

	Notes	(Unaudited) 31 December 2021	(Audited) 30 June 2021
Non-current assets			
Investment properties	9	**402,864**	395,879
Property, plant and equipment	10	**43,860**	42,921
Associates		**7,283**	7,093
Joint ventures		**95,008**	94,388
Financial investments	11	**3,153**	3,229
Intangible assets		**6,108**	4,273
Other non-current assets	12	**5,087**	5,803
		563,363	553,586
Current assets			
Properties for sale		**200,656**	200,934
Inventories		**554**	362
Trade and other receivables	13	**24,991**	18,373
Financial investments	11	**834**	1,383
Bank deposits and cash		**17,909**	21,781
		244,944	242,833
Current liabilities			
Bank and other borrowings		**(24,250)**	(20,979)
Trade and other payables	14	**(30,940)**	(28,210)
Deposits received on sales of properties		**(5,685)**	(8,644)
Current tax payable		**(12,573)**	(15,366)
		(73,448)	(73,199)
Net current assets		**171,496**	169,634
Total assets less current liabilities		**734,859**	723,220
Non-current liabilities			
Bank and other borrowings		**(98,614)**	(95,844)
Deferred tax liabilities		**(26,856)**	(25,694)
Other non-current liabilities		**(3,842)**	(2,056)
		(129,312)	(123,594)
NET ASSETS		**605,547**	599,626
CAPITAL AND RESERVES			
Share capital	15	**70,703**	70,703
Reserves		**530,070**	523,117
Shareholders' equity		**600,773**	593,820
Non-controlling interests		**4,774**	5,806
TOTAL EQUITY		**605,547**	599,626

Directors:

Kwok Ping-luen, Raymond

Lui Ting, Victor

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2021
(Expressed in millions of Hong Kong dollars)

	(Unaudited) Six months ended 31 December	
	2021	2020
Operating activities		
Operating cash inflow	**18,912**	23,082
Changes in working capital	**(9,184)**	(2,965)
Cash generated from operations	**9,728**	20,117
Interest expenses and other finance costs paid	**(1,517)**	(1,503)
Bank interest received	**187**	173
Interest received from investments	**58**	38
Dividends received from equity securities	**56**	57
Dividends received from associates and joint ventures	**1,143**	898
Tax paid		
– Hong Kong	**(4,877)**	(3,259)
– Outside Hong Kong	**(762)**	(561)
Net cash from operating activities	**4,016**	15,960
Net cash used in investing activities		
– investment in joint ventures	**–**	(751)
– additions to investment properties	**(3,697)**	(2,438)
– net cash inflow in respect of disposal of subsidiaries	**1,829**	1,781
– others	**(456)**	(1,917)
	(2,324)	(3,325)
Net cash used in financing activities		
– net drawdown/(repayment) of bank and other borrowings	**5,638**	(6,748)
– decrease in bank deposits maturing after more than three months	**56**	186
– principal elements of lease payments	**(468)**	(503)
– payment for repurchase of shares by a subsidiary	**(9)**	(42)
– redemption of perpetual capital securities	**–**	(3,795)
– distributions paid to perpetual capital securities holders	**–**	(84)
– dividends paid to Company's shareholders	**(10,722)**	(10,722)
– dividends paid to non-controlling interests	**(338)**	(252)
– others	**43**	186
	(5,800)	(21,774)
Decrease in cash and cash equivalents	**(4,108)**	(9,139)
Cash and cash equivalents at beginning of period	**21,646**	31,150
Effect of foreign exchange rates changes	**292**	1,153
Cash and cash equivalents at end of period	**17,830**	23,164
Analysis of the balance of cash and cash equivalents at end of period		
Bank deposits and cash	**17,909**	23,502
Bank overdrafts	**–**	(91)
	17,909	23,411
Less: Bank deposits maturing after more than three months	**(74)**	(242)
Pledged bank deposits	**(5)**	(5)
	17,830	23,164

Consolidated Statement of Changes in Equity

For the six months ended 31 December 2021
(Expressed in millions of Hong Kong dollars)

	Unaudited								
	Attributable to Company's shareholders								
	Share capital	Capital reserves	Investment revaluation reserve	Exchange reserve	Retained profits	Total	Perpetual capital securities	Non-controlling interests	Total
At 1 July 2020	70,703	810	1,157	(6,049)	505,192	571,813	3,813	14,789	590,415
Profit for the period	–	–	–	–	13,578	13,578	66	331	13,975
Exchange difference on translation of Mainland operations	–	–	–	6,689	–	6,689	–	194	6,883
Fair value losses on cash flow hedge	–	(240)	–	–	–	(240)	–	–	(240)
Fair value gains on debt securities at fair value through other comprehensive income	–	–	3	–	–	3	–	–	3
Fair value (losses)/gains on equity securities at fair value through other comprehensive income	–	–	(68)	–	–	(68)	–	2	(66)
Transfer to retained profits upon disposal of equity securities	–	–	(13)	–	13	–	–	–	–
Share of other comprehensive income of associates and joint ventures	–	–	–	2,070	145	2,215	–	–	2,215
Other comprehensive income/(loss) for the period	–	(240)	(78)	8,759	158	8,599	–	196	8,795
Total comprehensive income/(loss) for the period	–	(240)	(78)	8,759	13,736	22,177	66	527	22,770
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	13	13
Lapse of share award/options of a subsidiary	–	–	–	–	10	10	–	(10)	–
Repurchase of its shares by a subsidiary	–	1	–	–	(1)	–	–	–	–
Purchase of shares for Share Award Scheme in a subsidiary	–	–	–	–	(3)	(3)	–	(1)	(4)
Dividend paid (2020 final dividend HK$3.70 per share)	–	–	–	–	(10,722)	(10,722)	–	–	(10,722)
Adjustments relating to changes in interests in subsidiaries	–	11	–	–	–	11	–	(32)	(21)
Disposal of subsidiaries	–	–	–	–	–	–	–	(9,399)	(9,399)
Dividends to non-controlling interests	–	–	–	–	–	–	–	(252)	(252)
Distributions paid to perpetual capital securities holders	–	–	–	–	–	–	(84)	–	(84)
Redemption of perpetual capital securities	–	–	–	–	–	–	(3,795)	–	(3,795)
At 31 December 2020	70,703	582	1,079	2,710	508,212	583,286	–	5,635	588,921

Consolidated Statement of Changes in Equity

For the six months ended 31 December 2021
(Expressed in millions of Hong Kong dollars)

	Unaudited							
	Attributable to Company's shareholders							
	Share capital	Capital reserves	Investment revaluation reserve	Exchange reserve	Retained profits	Total	Non-controlling interests	Total
At 1 July 2021	70,703	493	1,373	3,530	517,721	593,820	5,806	599,626
Profit for the period	–	–	–	–	15,186	15,186	328	15,514
Exchange difference on translation of Mainland operations	–	–	–	1,773	–	1,773	35	1,808
Fair value gains on cash flow hedge	–	185	–	–	–	185	–	185
Fair value losses on debt securities at fair value through other comprehensive income	–	–	(31)	–	–	(31)	–	(31)
Fair value losses on equity securities at fair value through other comprehensive income	–	–	(79)	–	–	(79)	(1)	(80)
Share of other comprehensive income of associates and joint ventures	–	–	6	527	105	638	–	638
Other comprehensive income/(loss) for the period	–	185	(104)	2,300	105	2,486	34	2,520
Total comprehensive income/(loss) for the period	–	185	(104)	2,300	15,291	17,672	362	18,034
Recognition of equity-settled share-based payments	–	–	–	–	–	–	14	14
Lapse of share award/options of a subsidiary	–	–	–	–	1	1	(1)	–
Dividend paid (2021 final dividend HK$3.70 per share)	–	–	–	–	(10,722)	(10,722)	–	(10,722)
Adjustments relating to changes in interests in subsidiaries	–	2	–	–	–	2	(1)	1
Disposal of subsidiaries	–	–	–	–	–	–	(1,068)	(1,068)
Dividends to non-controlling interests	–	–	–	–	–	–	(338)	(338)
At 31 December 2021	70,703	680	1,269	5,830	522,291	600,773	4,774	605,547

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

The financial information relating to the year ended 30 June 2021 included in these condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those consolidated financial statements. The Company has delivered the consolidated financial statements for the year ended 30 June 2021 to the Registrar of Companies and the Company's auditor has reported on those consolidated financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

The accounting policies applied in the preparation of these interim financial statements are consistent with those applied in the consolidated financial statements for the year ended 30 June 2021. The Group has adopted a number of amendments to Hong Kong Financial Reporting Standards that are effective for the first time for this interim period. None of these amendments had a material impact on the Group's financial statements.

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

(Expressed in millions of Hong Kong dollars)

2. SEGMENT INFORMATION

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

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

For the six months ended 31 December 2021

	The Company and its subsidiaries		Associates and joint ventures			
	Revenue	Results	Share of revenue	Share of results	Combined revenue	Consolidated results
Property sales						
Hong Kong	16,964	7,012	33	24	16,997	7,036
Mainland	341	178	1,124	444	1,465	622
	17,305	7,190	1,157	468	18,462	7,658
Property rental						
Hong Kong	7,540	5,612	1,388	1,103	8,928	6,715
Mainland	2,902	2,417	472	349	3,374	2,766
Singapore	–	–	326	247	326	247
	10,442	8,029	2,186	1,699	12,628	9,728
Hotel operations	1,564	(138)	247	(24)	1,811	(162)
Telecommunications	3,792	391	–	–	3,792	391
Transport infrastructure and logistics	2,002	602	1,897	176	3,899	778
Data centre operations	995	505	–	–	995	505
Other businesses	4,053	594	293	51	4,346	645
Segment total	40,153	17,173	5,780	2,370	45,933	19,543
Other net income		607		50		657
Unallocated administrative expenses		(873)		–		(873)
Operating profit		16,907		2,420		19,327
Change in fair value of investment properties						
Hong Kong		(825)		(455)		(1,280)
Mainland		1,863		348		2,211
Singapore		–		448		448
		1,038		341		1,379
Net finance costs		(917)		(131)		(1,048)
Profit before taxation		17,028		2,630		19,658
Taxation						
– Group		(3,468)		–		(3,468)
– Associates		–		(22)		(22)
– Joint ventures		–		(654)		(654)
Profit for the period		13,560		1,954		15,514

(Expressed in millions of Hong Kong dollars)

2. SEGMENT INFORMATION (cont'd)

For the six months ended 31 December 2020

	The Company and its subsidiaries		Associates and joint ventures			
	Revenue	Results	Share of revenue	Share of results	Combined revenue	Consolidated results
Property sales						
Hong Kong	23,374	10,449	59	35	23,433	10,484
Mainland	1,590	891	1,885	991	3,475	1,882
	24,964	11,340	1,944	1,026	26,908	12,366
Property rental						
Hong Kong	7,736	5,754	1,445	1,169	9,181	6,923
Mainland	2,454	2,024	412	289	2,866	2,313
Singapore	–	–	314	260	314	260
	10,190	7,778	2,171	1,718	12,361	9,496
Hotel operations	1,030	(202)	183	(26)	1,213	(228)
Telecommunications	3,244	380	–	–	3,244	380
Transport infrastructure and logistics	1,868	612	1,523	235	3,391	847
Data centre operations	923	471	–	–	923	471
Other businesses	3,851	799	342	36	4,193	835
Segment total	46,070	21,178	6,163	2,989	52,233	24,167
Other net income		627		–		627
Unallocated administrative expenses		(782)		–		(782)
Operating profit		21,023		2,989		24,012
Change in fair value of investment properties						
Hong Kong		(3,258)		(164)		(3,422)
Mainland		18		37		55
Singapore		–		(492)		(492)
		(3,240)		(619)		(3,859)
Net finance costs		(1,017)		(180)		(1,197)
Profit before taxation		16,766		2,190		18,956
Taxation						
– Group		(4,140)		–		(4,140)
– Associates		–		14		14
– Joint ventures		–		(855)		(855)
Profit for the period		12,626		1,349		13,975

(Expressed in millions of Hong Kong dollars)

2. SEGMENT INFORMATION (cont'd)

Results from property sales include selling and marketing expenses of HK$166 million (2020: HK$458 million) and HK$63 million (2020: HK$52 million) that relate to pre-sale of property projects under construction in Hong Kong and Mainland, respectively.

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

Other net income includes mainly net gain on disposal of investment properties, net investment income from financial assets and gain on disposal of subsidiaries.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

(a) Disaggregation of revenue from contracts with customers

The following tables present the Group's revenue from contracts with customers disaggregated into major business segments, primary geographical markets and according to the timing of revenue recognition, including a reconciliation of the disaggregated revenue with the amounts disclosed in the segment information.

For the six months ended 31 December 2021

	Revenue from contracts with customers			Revenue from other sources	Total
	recognized at a point in time	recognized over time	Subtotal		
(i) By segments					
Property sales	**17,305**	**–**	**17,305**	**–**	**17,305**
Property rental	**–**	**1,024**	**1,024**	**9,418**	**10,442**
Hotel operations	**881**	**683**	**1,564**	**–**	**1,564**
Telecommunications	**1,549**	**2,243**	**3,792**	**–**	**3,792**
Transport infrastructure and logistics	**38**	**1,781**	**1,819**	**183**	**2,002**
Data centre operations	**–**	**995**	**995**	**–**	**995**
Property management	**131**	**2,356**	**2,487**	**–**	**2,487**
Department store operations	**1,211**	**–**	**1,211**	**–**	**1,211**
Financial services and others	**–**	**12**	**12**	**343**	**355**
	21,115	**9,094**	**30,209**	**9,944**	**40,153**
(ii) Geographical markets					
Hong Kong	**20,440**	**8,949**	**29,389**	**7,046**	**36,435**
Mainland	**443**	**117**	**560**	**2,898**	**3,458**
Others	**232**	**28**	**260**	**–**	**260**
	21,115	**9,094**	**30,209**	**9,944**	**40,153**

(Expressed in millions of Hong Kong dollars)

3. REVENUE FROM CONTRACTS WITH CUSTOMERS (cont'd)

(a) Disaggregation of revenue from contracts with customers (cont'd)

For the six months ended 31 December 2020

	Revenue from contracts with customers			Revenue	
	recognized at a point in time	recognized over time	Subtotal	from other sources	Total
(i) By segments					
Property sales	24,964	–	24,964	–	24,964
Property rental	–	1,021	1,021	9,169	10,190
Hotel operations	512	518	1,030	–	1,030
Telecommunications	1,072	2,172	3,244	–	3,244
Transport infrastructure and logistics	39	1,663	1,702	166	1,868
Data centre operations	–	923	923	–	923
Property management	118	1,975	2,093	–	2,093
Department store operations	1,420	–	1,420	–	1,420
Financial services and others	–	4	4	334	338
	28,125	8,276	36,401	9,669	46,070
(ii) Geographical markets					
Hong Kong	26,391	8,125	34,516	7,218	41,734
Mainland	1,695	114	1,809	2,451	4,260
Others	39	37	76	–	76
	28,125	8,276	36,401	9,669	46,070

Revenue from other sources includes rental income and income from rendering of financial services.

(b) Revenue recognized in relation to contract liabilities

Contract liabilities primarily relate to the Group's unfulfilled performance obligations to transfer goods or services to customers for which consideration has been received at the reporting date. The contract liability is recognized in revenue in the period when performance obligations are fulfilled.

During the six months ended 31 December 2021, the Group recognized revenue of HK$6,864 million (2020: HK$15,423 million) from sales of properties that were included in contract liabilities at the beginning of the period.

(c) Expected revenue from remaining performance obligations in contracts with customers

As of 31 December 2021, the aggregate amount of transaction price allocated to the remaining performance obligations under the Group's existing contracts of sales of properties was HK$29,442 million (30 June 2021: HK$26,382 million). This represents the aggregate amount of revenue expected to be recognized by the Group in the future, of which approximately 64% (30 June 2021: 71%) is expected to be recognized as revenue within the next 12 months when the control over the ownership or physical possession of the property is transferred to the customers.

(Expressed in millions of Hong Kong dollars)

4. NET FINANCE COSTS

	Six months ended 31 December	
	2021	2020
Interest and other finance costs on bank and other borrowings	**1,453**	1,500
Notional non-cash interest accretion	**23**	9
Finance costs on lease liabilities	**14**	22
Less: Amount capitalized	**(387)**	(359)
	1,103	1,172
Interest income on bank deposits	**(186)**	(155)
	917	1,017

5. PROFIT BEFORE TAXATION

	Six months ended 31 December	
	2021	2020
Profit before taxation is arrived at after charging:		
Cost of properties sold	**8,940**	11,674
Cost of other inventories sold	**2,143**	1,822
Depreciation of property, plant and equipment	**1,452**	1,459
Amortization of		
Intangible assets (included in cost of sales)	**328**	287
Contract acquisition costs	**735**	1,119
Impairment loss on goodwill	**1**	1
Credit loss allowance on		
Trade and other receivables	**4**	5
Financial investments measured at FVOCI and amortized cost	**144**	–
Lease expenses		
Short-term and low-value assets leases	**224**	227
Variable lease payments	**77**	78
Staff costs (including directors' emoluments and retirement schemes contributions)	**4,565**	3,905
Share-based payments	**14**	13
Loss on disposal of financial investments at fair value through profit or loss	**36**	–
Fair value losses on financial investments at fair value through profit or loss	**34**	–
and crediting:		
Dividend income from investments	**56**	57
Interest income from investments	**41**	39
Profit on disposal of financial investments at fair value through profit or loss	**–**	43
Fair value gains on financial investments at fair value through profit or loss	**–**	203

(Expressed in millions of Hong Kong dollars)

6. TAXATION

	Six months ended 31 December	
	2021	2020
Current tax expenses		
Hong Kong profits tax	**2,052**	2,714
Over provision in prior years	**(13)**	(18)
	2,039	2,696
Tax outside Hong Kong	**717**	1,168
Over provision in prior years	**(1)**	–
	716	1,168
Total current tax	**2,755**	3,864
Deferred tax expenses		
Change in fair value of investment properties	**407**	(29)
Other origination and reversal of temporary differences	**306**	305
Total deferred tax	**713**	276
Total income tax expenses	**3,468**	4,140

Hong Kong profits tax is provided at the rate of 16.5% (2020: 16.5%) based on the estimated assessable profits for the period. Tax outside Hong Kong, which includes Mainland land appreciation tax and withholding tax on income distributions, is calculated at the rates applicable in the relevant jurisdictions.

(Expressed in millions of Hong Kong dollars)

7. EARNINGS PER SHARE

(a) Reported earnings per share

The calculations of basic and diluted earnings per share are based on the Group's profit for the period attributable to the Company's shareholders of HK$15,186 million (2020: HK$13,578 million).

The basic earnings per share is based on the weighted average number of shares in issue during the interim period of 2,897,780,274 (2020: 2,897,780,274) shares.

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

(b) Underlying earnings per share

For the purpose of assessing the underlying performance of the Group, basic and diluted earnings per share are additionally calculated based on the underlying profit for the period attributable to the Company's shareholders of HK$14,818 million (2020: HK$17,482 million), which excluded the net effect of change in the valuation of investment properties. A reconciliation of profit is as follows:

	Six months ended 31 December	
	2021	2020
Profit attributable to the Company's shareholders as shown in the consolidated income statement	**15,186**	13,578
(Increase)/decrease in fair value of investment properties		
Subsidiaries	**(1,038)**	3,240
Associates	**26**	(405)
Joint ventures	**(367)**	1,024
	(1,379)	3,859
Effect of corresponding deferred tax expenses		
Subsidiaries	**407**	(29)
Joint ventures	**102**	15
Non-controlling interests	**(2)**	(12)
Unrealized fair value (gains)/losses of investment properties net of deferred tax	**(872)**	3,833
Fair value gains of investment properties net of deferred tax realized on disposal	**504**	71
Net effect of change in fair value of investment properties	**(368)**	3,904
Underlying profit attributable to the Company's shareholders	**14,818**	17,482

(Expressed in millions of Hong Kong dollars)

8. DIVIDENDS

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

	Six months ended 31 December	
	2021	2020
Interim dividend declared after the interim period of HK$1.25 (2020: HK$1.25) per share	**3,622**	3,622

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

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

	Six months ended 31 December	
	2021	2020
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK$3.70 (2020: HK$3.70) per share	**10,722**	10,722

9. INVESTMENT PROPERTIES

(a) Movement during the period

	Completed	**Under development**	**Total**
Valuation			
At 1 July 2021	**333,091**	**62,788**	**395,879**
Additions	**426**	**3,553**	**3,979**
Transfer upon completion	**1,136**	**(1,136)**	**–**
Disposals	**(365)**	**–**	**(365)**
Transfer to property, plant and equipment	**(70)**	**–**	**(70)**
Exchange difference	**1,597**	**806**	**2,403**
(Decrease)/increase in fair value	**(271)**	**1,309**	**1,038**
At 31 December 2021	**335,544**	**67,320**	**402,864**

(Expressed in millions of Hong Kong dollars)

9. INVESTMENT PROPERTIES (cont'd)

(b) The Group's investment properties were valued at their fair values at 31 December 2021 and 30 June 2021 by Knight Frank Petty Limited, an independent firm of professional qualified valuers, on a market value basis, in accordance with Valuation Standards on Properties issued by Hong Kong Institute of Surveyors.

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

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

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

	Fair value		**Weighted average capitalization rate**	
	31 December 2021	30 June 2021	**31 December 2021**	30 June 2021
Completed				
Hong Kong	**259,566**	259,233	**5.1%**	5.1%
Mainland	**75,978**	73,858	**6.6%**	6.6%
	335,544	333,091		

	Fair value (residual method)		**Capitalization rate**	
	31 December 2021	30 June 2021	**31 December 2021**	30 June 2021
Under development				
Hong Kong	**26,207**	26,132	**3.0%-5.5%**	3.0%-5.5%
Mainland	**41,113**	36,656	**5.0%-8.8%**	5.0%-8.8%
	67,320	62,788		

(Expressed in millions of Hong Kong dollars)

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2021, additions to property, plant and equipment amounted to HK$2,199 million, of which HK$494 million are additions to right-of-use assets. Net book value of property, plant and equipment disposed of during the period amounted to HK$10 million.

11. FINANCIAL INVESTMENTS

	31 December 2021			
	Measured at FVTPL	**Measured at FVOCI**	**Measured at amortized cost**	**Total**
Non-current assets				
Debt securities	**131**	**52**	**787**	**970**
Equity securities	**583**	**1,600**	**–**	**2,183**
	714	**1,652**	**787**	**3,153**
Current assets				
Debt securities	**–**	**88**	**39**	**127**
Equity securities	**707**	**–**	**–**	**707**
	707	**88**	**39**	**834**

	30 June 2021			
	Measured at FVTPL	Measured at FVOCI	Measured at amortized cost	Total
Non-current assets				
Debt securities	128	93	849	1,070
Equity securities	481	1,678	–	2,159
	609	1,771	849	3,229
Current assets				
Debt securities	–	466	72	538
Equity securities	845	–	–	845
	845	466	72	1,383

(Expressed in millions of Hong Kong dollars)

12. OTHER NON-CURRENT ASSETS

	31 December 2021	30 June 2021
Mortgage loan receivables	**5,209**	5,833
Other loan receivables	**1,053**	1,019
Total loans receivables	**6,262**	6,852
Less: Amount due within one year included under trade and other receivables	**(1,373)**	(1,172)
	4,889	5,680
Derivative financial instruments	**198**	123
	5,087	5,803

Mortgage loan receivables are secured by first or second mortgages on properties and repayable by monthly instalments with various tenors up to 25 years at the end of the reporting period and carry interest at rates with reference to banks' lending rates. The balance includes first mortgage loans of HK$3,452 million (30 June 2021: HK$3,795 million). The Group recognizes expected credit loss for all loans receivables based on its assessment of changes in credit risk on a collective basis, with reference to both historical loss experience and forward-looking information. Changes in the loss allowance are recognized in profit or loss.

13. TRADE AND OTHER RECEIVABLES

	Notes	31 December 2021	30 June 2021
Trade receivables	(a)	**3,386**	2,770
Other account receivables, deposits and prepayments	(b)	**10,970**	9,308
Deposits for acquisition of properties		**8,871**	4,708
Contract assets		**369**	405
Short-term loans		**1,373**	1,172
Derivative financial instruments		**22**	10
		24,991	18,373

(a) At 31 December 2021, 63% of trade receivables are aged less than 30 days, 16% between 31 to 60 days, 5% between 61 to 90 days and 16% more than 90 days (30 June 2021: 65%, 14%, 5% and 16% respectively).

(b) The balance includes contract acquisition costs of HK$280 million (30 June 2021: HK$398 million) primarily related to incremental commission costs incurred to obtain property sales and telecommunication services contracts with customers. There was no impairment loss in relation to the cost capitalized.

(Expressed in millions of Hong Kong dollars)

14. TRADE AND OTHER PAYABLES

	31 December 2021	30 June 2021
Trade payables	**3,313**	2,708
Other payables and accrued expenses	**24,858**	22,937
Contract liabilities	**735**	630
Amounts due to non-controlling interests	**1,286**	1,203
Lease liabilities	**748**	732
	30,940	28,210

At 31 December 2021, 67% of trade payables are aged less than 30 days, 10% between 31 to 60 days, 2% between 61 to 90 days, and 21% more than 90 days (30 June 2021: 64%, 7%, 3% and 26% respectively).

15. SHARE CAPITAL

	Number of shares in million	Amount
Issued and fully paid:		
Ordinary shares		
At 30 June 2021 and 31 December 2021	**2,898**	**70,703**

16. SHARE OPTION SCHEME

The Company has a share option scheme which was adopted on 15 November 2012 ("the Scheme"), whereby the directors of the Company may grant options to eligible employees, including executive directors of the Company and its subsidiaries, to subscribe for shares in the Company. Details of the Scheme adopted by the Company are set out in the paragraphs under the heading "Share Option and Share Award Schemes" in the other information sections of this interim report.

The Scheme

During the current and prior reporting period, no share options were granted under the Scheme.

There were no outstanding share options granted under the Scheme for both periods.

(Expressed in millions of Hong Kong dollars)

17. RELATED PARTY TRANSACTIONS

Transactions with associates and joint ventures

In the normal course of business, the Group undertook a variety of transactions with certain of its associates and joint ventures. The most significant transactions between the Group and these related parties which were carried out on commercial terms are summarized as follows:

	Associates Six months ended 31 December		Joint ventures Six months ended 31 December	
	2021	2020	**2021**	2020
Acquisition of property interest [(i)]	**–**	751	**–**	–
Interest income	**–**	–	**52**	49
Rental income	**–**	–	**1**	1
Cash rental paid	**–**	–	**23**	31
Other revenue from services rendered	**365**	213	**23**	15
Purchase of goods and services	**–**	–	**453**	239

(i) On 9 November 2020, the Group entered into the agreement to acquire a 50% interest in the company owning the industrial site situated at Tuen Mun Town Lot No. 80 from a subsidiary of Transport International Holdings Limited, an associate of the Group, for a total consideration of HK$751 million. The property will be re-developed for office and commercial uses (subject to obtaining the relevant Government approvals). The transaction was completed in December 2020.

18. CONTINGENT LIABILITIES AND COMMITMENTS

The Group had contingent liabilities and commitments, so far as not provided for in the condensed consolidated financial statements, as follows:

	31 December 2021	30 June 2021
(a) Capital commitments in respect of investment properties and property, plant and equipment		
Contracted but not provided for	**8,441**	10,043
Authorized but not contracted for	**2,946**	3,210
(b) The Group's share of capital commitments of joint ventures		
Contracted but not provided for	**3,172**	3,110

(c) Guarantees for bank borrowings of joint ventures and other guarantees in the aggregate amount of HK$2,242 million (30 June 2021: HK$2,293 million).

(Expressed in millions of Hong Kong dollars)

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial instruments carried at fair value

The following tables present the carrying value of the Group's financial instruments that are measured at fair value at the end of the reporting period, categorized into the three-level fair value hierarchy defined as follows:

Level 1 Fair values measured at unadjusted quoted prices in active markets for identifiable assets or liabilities at the measurement date. This level includes all listed debt securities and listed equity securities, and certain unlisted debt securities that are measured at quoted prices in active markets.

Level 2 Fair values measured using inputs other than quoted prices where those inputs are based on observable market data and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

Level 3 Fair values measured using significant unobservable inputs. This level includes all unlisted equity securities, except for certain unlisted equity securities which are classified as Level 2 as they are measured using inputs that are derived from or corroborated by observable market data.

As at 31 December 2021

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVTPL				
Debt securities	131	–	–	131
Equity securities	766	–	524	1,290
Financial assets at FVOCI				
Debt securities	140	–	–	140
Equity securities	1,271	14	315	1,600
Derivative financial instruments				
Interest rate swaps	–	19	–	19
Cross currency interest rate swaps	–	193	–	193
Forward foreign exchange contracts	–	8	–	8
	2,308	234	839	3,381
Financial liabilities				
Bond and notes subject to fair value hedges	–	619	–	619
Derivative financial instruments				
Cross currency interest rate swaps	–	19	–	19
	–	638	–	638

(Expressed in millions of Hong Kong dollars)

19. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

(a) Financial instruments carried at fair value (cont'd)

As at 30 June 2021

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVTPL				
Debt securities	128	–	–	128
Equity securities	905	–	421	1,326
Financial assets at FVOCI				
Debt securities	559	–	–	559
Equity securities	1,355	17	306	1,678
Derivative financial instruments				
Interest rate swaps	–	32	–	32
Cross currency interest rate swaps	–	99	–	99
Forward foreign exchange contracts	–	2	–	2
	2,947	150	727	3,824
Financial liabilities				
Bond and notes subject to fair value hedges	–	632	–	632
Derivative financial instruments				
Cross currency interest rate swaps	–	109	–	109
	–	741	–	741

There were no transfer amongst Level 1, Level 2 and Level 3 in the fair value hierarchy and no change in valuation techniques used during the period.

(i) Valuation techniques and inputs used in Level 2 fair value measurement

The fair values of cross currency interest rate swap contracts and interest rate swap contracts in Level 2 are calculated as the present value of the estimated future cash flows based on the terms and maturity of each contract, taking into account the current interest rates and the current creditworthiness of the swap counterparties.

The fair value of forward foreign exchange contracts in Level 2 is determined by using the forward exchange rates at the end of the reporting period quoted from financial institutions.

The fair value of bonds and notes subject to fair value hedges is determined based on cash flows discounted using current market interest rates for similar financial instruments.

(Expressed in millions of Hong Kong dollars)

19. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

(a) Financial instruments carried at fair value (cont'd)

(ii) Valuation techniques and inputs used in Level 3 fair value measurement

The fair value of unlisted equity securities in Level 3 is determined by reference to the net asset value of the investees, or by using discounted cash flow models or market approach with reference to multiples of comparable listed companies, adjusted for a discount for lack of marketability.

The movement during the period in the balance of Level 3 fair value measurement is as follows:

	Financial assets measured at		
	FVTPL	**FVOCI**	**Total**
Unlisted equity securities			
At 1 July 2021	**421**	**306**	**727**
Purchases	**36**	**–**	**36**
Sales	**(11)**	**–**	**(11)**
Change in fair value recognized in			
– profit or loss	**78**	**–**	**78**
– other comprehensive income	**–**	**9**	**9**
At 31 December 2021	**524**	**315**	**839**

(b) Fair values of financial assets and liabilities carried at cost or amortized cost

The following table presents the carrying amounts of the Group's financial instruments measured at cost or amortized cost which were different from their fair values at the end of the reporting period.

	31 December 2021		30 June 2021	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Debt securities	**826**	**819**	921	940
Long-term bank loans and bonds	**97,995**	**100,964**	95,212	96,813

The fair value of debt securities is measured at quoted market prices. The fair value of long-term bank loans and bonds is estimated by discounting their future cash flows using the market interest rates prevailing at the end of the reporting period.

All other financial instruments measured at cost or amortized cost are typically those that are short-term in nature or carry variable interest rates and reprice to current market rate changes. Accordingly, their carrying amounts approximate their fair values.

Financial Review

REVIEW OF RESULTS FOR THE FIRST HALF OF FY2021/22

Underlying profit attributable to the Company's shareholders for the six months ended 31 December 2021, which excluded the effect of fair value change on investment properties, was HK$14,818 million, a decrease of HK$2,664 million or 15% from HK$17,482 million reported in the same period last year. The decrease was mainly attributable to the decrease in property development profit due to relatively lower sales completions of residential projects both in Hong Kong and Mainland when compared with the corresponding period in 2020.

Including the net effect of fair value change on investment properties attributable to shareholders, the Company reported an attributable profit to shareholders of HK$15,186 million for the six months ended 31 December 2021, representing an increase of HK$1,608 million or 12% compared with HK$13,578 million for the same period last year.

	Six months ended 31 December	
	2021 **HK$ Million**	2020 HK$ Million
Underlying profit attributable to Company's shareholders	**14,818**	17,482
Adjustment for net revaluation movements on investment properties		
Net revaluation gain/(loss)	**872**	(3,833)
Valuation gains realized on disposal	**(504)**	(71)
Net effect	**368**	(3,904)
Profit attributable to Company's shareholders	**15,186**	13,578

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

	Revenue		Operating profit/(loss)	
	2021 **HK$ Million**	2020 HK$ Million	**2021** **HK$ Million**	2020 HK$ Million
Property sales				
Hong Kong	**16,997**	23,433	**7,036**	10,484
Mainland	**1,465**	3,475	**622**	1,882
	18,462	26,908	**7,658**	12,366
Property rental				
Hong Kong	**8,928**	9,181	**6,715**	6,923
Mainland	**3,374**	2,866	**2,766**	2,313
Singapore	**326**	314	**247**	260
	12,628	12,361	**9,728**	9,496
Hotel operations	**1,811**	1,213	**(162)**	(228)
Telecommunications	**3,792**	3,244	**391**	380
Transport infrastructure and logistics	**3,899**	3,391	**778**	847
Data centre operations	**995**	923	**505**	471
Other businesses	**4,346**	4,193	**645**	835
Segment total	**45,933**	52,233	**19,543**	24,167

Total revenue of the Group's business segments (including share of joint ventures and associates) for the six months ended 31 December 2021 dropped 12% year-on-year to HK$45,933 million as property sales revenue during the period dropped 31% year-on-year to HK$18,462 million. Total operating profit from all business segments (including share of joint ventures and associates) dropped 19% year-on-year to HK$19,543 million as profit from property sales dropped 38% to HK$7,658 million.

Financial Review

Revenue from property sales (including share of joint ventures) in Hong Kong and Mainland for the six months ended 31 December 2021 was HK$16,997 million and HK$1,465 million, respectively. Profit from property sales in Hong Kong decreased by 33% to HK$7,036 million over the same period last year, after the 65% rise in the preceding period, and was mainly derived from sales of residential units in Wetland Seasons Park Phase 2 and 3, Regency Bay, Regency Bay II, Cullinan West III and Grand YOHO Phase 2. Profit from property sales on the Mainland decreased by HK$1,260 million to HK$622 million, mainly driven by revenue recognition from Forest Hills and Oriental Bund Phase 3B. As at 31 December 2021, contracted property sales attributable to the Group (including share of joint ventures) not yet recognized amounted to HK$34.5 billion, comprising HK$28.6 billion in Hong Kong and HK$5.9 billion on the Mainland, of which approximately HK$16.5 billion is expected to be recognized in the second half of the current financial year and HK$12.5 billion in the next financial year.

Rental revenue for the first half of the financial year, including share of joint ventures and associates, increased by 2% to HK$12,628 million, driven by growth in the Mainland portfolio. Net rental income of the Group, including contributions from joint ventures and associates, increased by 2% to HK$9,728 million. The Mainland portfolio continued to deliver an impressive year-on-year revenue growth of 18% to HK$3,374 million with net rental income increased by 20% to HK$2,766 million, driven mainly by the retail portfolio. The Hong Kong portfolio posted a year-on-year revenue decrease of 3% to HK$8,928 million with net rental income decreased by 3% to HK$6,715 million. The Hong Kong retail portfolio continued to be impacted by the COVID-19 pandemic. Rental revenue drop narrowed, down by 4% year-on-year mainly due to negative rental reversions, while occupancy maintained at high levels and tenant sales continued to improve with little to no rental concessions granted during the period. Rental growth on renewals of the Hong Kong office portfolio has come under increased pressure from the subdued leasing demand as the pandemic drags on, and a moderate year-on-year drop of 4% in rental revenue was recorded for the period under review.

Hotel operations (including share of joint ventures) recorded a loss of HK$162 million (after depreciation charge of HK$321 million) as compared with the loss of HK$228 million (after depreciation charge of HK$330 million) for the same period last year. The hotel business in Hong Kong continued to be severely impacted by the lack of tourists due to stringent travel restrictions, cross-border closures and social distancing measures. The Group achieved improved revenue and occupancy during the period through new initiatives to attract local customers including long-stay offers, festive staycation packages and loyalty programs as well as implementing various measures to save costs and improve operating efficiency.

SmarTone reported an operating profit growth of 3% to HK$391 million, mainly driven by the improvement in revenue from local services and handset sales as well as improved profit margin resulting from effective measures to reduce operating costs.

Operating profit from transport infrastructure and logistics businesses (including share of joint ventures and associates) decreased 8% to HK$778 million. Revenue improved 15% year-on-year and satisfactory result was achieved from the Wilson Group, Airport Freight Forwarding Centre and franchised bus business, while the Group's toll road and business aviation centre operations continued to be adversely affected by the cross-border travel restrictions. Operating profit of the previous reporting period was benefitted from the government subsidies which did not reoccur in the current period. If excluding the government subsidies received in the previous financial year, underlying operating profit for the period under review would have recorded a like-for-like growth.

SUNeVision delivered a 7% growth in operating profit to HK$505 million over the same period last year. Benefitting from the increased use of digital infrastructure, cloud adoption and 5G usage, demand for data centre services continued to grow from both existing and new customers.

The Group's other businesses (including share of joint ventures and associates), mainly comprising property management, department store operations and financial services. Due to the impact of government subsidies received in the previous reporting period, operating profit for the period under review decreased to HK$645 million as compared with HK$835 million reported in the same period last year.

Investment property revaluation gain/loss

The Group's investment properties (including investment properties held by joint ventures and associates) were appraised by independent valuers as at 31 December 2021, giving rise to a revaluation gain of HK$1,379 million (2020: loss of HK$3,859 million). The Mainland portfolio reported a revaluation gain of HK$2,211 million (2020: gain of HK$55 million), mainly driven by rental growth from the retail portfolio, while a revaluation loss of HK$1,280 million (2020: loss of HK$3,422 million) was recorded for the Hong Kong portfolio. Valuation technique is applied consistently with no material change in the capitalization rates used in the fair value measurement. An attributable net revaluation gain (after related deferred tax and non-controlling interests) of HK$872 million (2020: loss of HK$3,833 million) was recognized in the consolidated income statement.

FINANCIAL RESOURCES AND LIQUIDITY

(a) Capital management, net debt and gearing

The Group has always maintained a strong capital base and sufficient financial resources to support business development and growth. The Group regularly reviews and manages its capital structure to ensure that it remains financially sound, so that the Group can continue to provide returns to shareholders while keeping financial leverage at a prudent level.

Shareholders' equity was HK$600.8 billion or HK$207.3 per share as at 31 December 2021, an increase of HK$7 billion compared with HK$593.8 billion as at 30 June 2021. The increase was primarily driven by the net profit attributable to the shareholders of HK$15.2 billion and foreign exchange gain of HK$2.3 billion on translation of financial statements of the Mainland and overseas operations, net of dividends paid of HK$10.7 billion.

The Group's strong financial strength allows it to continue raising long-term financing at competitive rates, thus reducing the overall cost of capital. The Group's financial position remains sound with a low debt leverage and high interest cover. Gearing ratio as at 31 December 2021, calculated on the basis of net debt to shareholders' equity of the Company, was 17.5% compared to 16% as at 30 June 2021. Interest coverage was 13 times, measured by the ratio of operating profit to total net interest expenses including those capitalized for the current period.

As at 31 December 2021, the Group's gross borrowings totalled HK$122,864 million. Net debt, after deducting bank deposits and cash of HK$17,909 million, amounted to HK$104,955 million. The maturity profile of the Group's gross borrowings is set out as follows:

	31 December 2021 HK$ Million	30 June 2021 HK$ Million
Repayable:		
Within one year	**24,250**	20,979
After one year but within two years	**31,491**	21,419
After two years but within five years	**34,381**	41,385
After five years	**32,742**	33,040
Total bank and other borrowings	**122,864**	116,823
Bank deposits and cash	**17,909**	21,781
Net debt	**104,955**	95,042

The Group has also procured substantial undrawn committed banking facilities, most of which are arranged on a medium to long term basis, to help minimize refinancing risk and strengthen the Group's financing flexibility. The Group regularly reviews its liquidity and financing requirements to ensure that available financial resources are sufficient to cover its financing needs.

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

(b) Treasury policies

The Group adopts a prudent policy in cash and debt management. The entire Group's financing and treasury activities are centrally managed and controlled at the corporate level. As at 31 December 2021, about 75% of the Group's bank and other borrowings were raised through its wholly-owned finance subsidiaries and the remaining 25% through its operating subsidiaries.

The Group's foreign exchange exposure was small given both its large asset base and operational cash flow are primarily denominated in Hong Kong dollar, which is the Group's presentation currency. The Group may borrow in foreign currencies to finance its operations in Hong Kong, which exposes the Group to currency risk. When appropriate, the Group may enter into cross currency interest rate swaps to hedge the currency risks associated with these borrowings. As at 31 December 2021, about 76% of the Group's total borrowings were denominated in Hong Kong dollar (after cross currency interest rate swaps) and 6% in US dollar, which were raised for financing the Group's business operations in Hong Kong while the remaining 18% were mostly in Renminbi and for financing the construction cost of property projects in the Mainland. The Group is exposed to currency translation risk arising from translating the financial statements of subsidiaries and joint ventures operating in the Mainland. Land acquisition costs for the Mainland projects are principally financed by capital injection funded by the Group's equity and internally generated funds. On-going business operations in the Mainland are financed through internal resources and borrowings in Renminbi as natural hedges to minimize the Group's exposure to exchange rate risk. The Group has not entered into foreign currency derivatives to hedge the translation risk exposure of its net investments in Mainland. As at 31 December 2021, approximately 20% of the Group's net assets were denominated in Renminbi.

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

The Group maintained an appropriate combination of fixed and floating rate borrowings to mitigate interest rate risk. As at 31 December 2021, about 58% of the Group's total borrowings were on floating rate basis including those borrowings that were converted from fixed rate basis to floating rate basis through interest rate swaps, and 42% were on fixed rate basis.

As at 31 December 2021, the Group has entered into certain interest rate swaps, cross currency interest rate swaps and forward foreign exchange contracts in the aggregate notional amount of HK$22,443 million to manage its interest rate risk and currency risk exposures. The use of derivative instruments is strictly controlled and solely for managing the Group's underlying financial exposures for its core business operations. It is the Group's policy not to enter into derivative and structured product transactions for speculative purposes.

As at 31 December 2021, about 28% of the Group's bank deposits and cash were denominated in Hong Kong dollar, 66% in Renminbi, and the remaining 6% mostly in US dollar. The Renminbi deposits were mostly held by the Mainland subsidiaries for meeting the funding needs of their Mainland projects.

CHARGES OF ASSETS

As at 31 December 2021, certain bank deposits of the Group's subsidiaries in the aggregate amount of HK$5 million were pledged for securing guarantees issued by the banks. Additionally, certain assets of the Group's subsidiaries with an aggregate carrying value of HK$1,041 million have been charged as security for bank borrowings. Except for the aforementioned charges, all the Group's assets are free from any encumbrances.

CONTINGENT LIABILITIES

As at 31 December 2021, the Group had contingent liabilities in respect of guarantees for bank borrowings of certain joint ventures and other guarantees in the aggregate amount of HK$2,242 million (30 June 2021: HK$2,293 million).

Other Information

DIRECTORS

The list of Directors of the Company is set out on page 2 of this report. The particulars of the Directors and their changes are set out as follows:

Kwok Ping-luen, Raymond

Hon LLD, Hon DBA, MBA, MA (Cantab), JP
Chairman & Managing Director (Age: 68)

Mr. Kwok has been Chairman of the Company since December 2011. Prior to the appointment as Chairman of the Company, Mr. Kwok had acted as Vice Chairman of the Company for 21 years. He is also the Managing Director and a member of the Executive Committee of the Company as well as a director of certain subsidiaries of the Company. He has been with the Group for 43 years. Mr. Kwok holds a Master of Arts degree in Law from Cambridge University, a Master's degree in Business Administration from Harvard University, an Honorary Doctorate degree in Business Administration from Hong Kong Metropolitan University and an Honorary Doctorate degree in Laws from The Chinese University of Hong Kong. Mr. Kwok is the chairman and an executive director of SUNeVision Holdings Ltd. He is also the chairman and a non-executive director of SmarTone Telecommunications Holdings Limited, and a non-executive director of Transport International Holdings Limited and Wing Tai Properties Limited.

In civic activities, Mr. Kwok is a member of the 13th National Committee of the Chinese People's Political Consultative Conference. He is also a director of The Real Estate Developers Association of Hong Kong and a member of the council of The Chinese University of Hong Kong.

Mr. Kwok is a son of Madam Kwong Siu-hing, who is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Kwok is the father of Messrs. Kwok Kai-wang, Christopher and Kwok Ho-lai, Edward. He is also an uncle of Messrs. Kwok Kai-fai, Adam and Kwok Kai-chun, Geoffrey.

For the year ended 30 June 2021, Mr. Kwok is entitled to receive a fee of HK$320,000 for being the Chairman of the Company. He is also entitled to receive other emoluments in the total sum of approximately HK$3.36 million, including fees of HK$60,000 and HK$180,000 for being the chairman of SUNeVision Holdings Ltd. and SmarTone Telecommunications Holdings Limited respectively.

Wong Chik-wing, Mike

MSc(IRE), FHKIS, RPS (BS), JP
Deputy Managing Director (Age: 66)

Mr. Wong has been a Deputy Managing Director of the Company since July 2012. He joined the Group in 1981 and has been an Executive Director of the Company since January 1996. He is also a member of the Executive Committee of the Company and a director of certain subsidiaries of the Company. Mr. Wong graduated from The Hong Kong Polytechnic University with distinction and holds a Master's degree in International Real Estate. He is a fellow of The Hong Kong Institute of Surveyors and a registered professional surveyor. Also, he is an Adjunct Professor of both The University of Hong Kong (Department of Real Estate and Construction) and The Hong Kong Polytechnic University (Department of Building and Real Estate). He is currently responsible for planning and development, and project management matters of the Group's development projects.

For the year ended 30 June 2021, Mr. Wong is entitled to receive a fee of HK$300,000 for being a Director of the Company and other emoluments of approximately HK$27.64 million.

Other Information

Lui Ting, Victor

BBA

Deputy Managing Director (Age: 67)

Mr. Lui has been an Executive Director and a Deputy Managing Director of the Company since April and July 2012 respectively. He is also a member of the Executive Committee of the Company and a director of certain subsidiaries of the Company. He joined the Group in 1977 and is currently responsible for the sales and marketing of a number of large residential developments as well as acquisition and disposal of non-core property investment projects of the Group. He holds a Bachelor of Business Administration degree from The Chinese University of Hong Kong.

For the year ended 30 June 2021, Mr. Lui is entitled to receive a fee of HK$300,000 for being a Director of the Company and other emoluments of approximately HK$27.97 million.

Yip Dicky Peter

MBA, BBS, MBE, JP

Independent Non-Executive Director (Age: 75)

Mr. Yip has been an Independent Non-Executive Director of the Company since September 2004. He is also a member of both the Audit and Risk Management Committee and the Nomination Committee of the Company. He joined The Hongkong and Shanghai Banking Corporation Limited ("HSBC") in Hong Kong in 1965 with working experiences in London, China and San Francisco. Mr. Yip worked in a number of departments of HSBC, which included trade services, corporate banking, group consultancy service and regional training. His previous assignment prior to becoming CEO China had been in personal financial services, covering jobs in marketing, card products, customer service and sales, with responsibilities over consumer business in Hong Kong. From January 2003 to April 2005, Mr. Yip was appointed chief executive China business, based in Shanghai; meanwhile, he was also a director of Bank of Shanghai, Ping An Insurance and Ping An Bank on the mainland. Mr. Yip became a general manager of HSBC in April 2005 until his retirement from HSBC in June 2012. He was the executive vice president of Bank of Communications Co., Ltd. and an independent non-executive director of Ping An Insurance (Group) Company of China, Ltd. and South China Holdings Company Limited. Mr. Yip was the chief representative for the Asia-Pacific Region of Institute of International Finance from July 2012 to July 2015. He stepped down as the chairman and a non-executive director of Ping An OneConnect Bank (Hong Kong) Limited with effect from 31 December 2021. Mr. Yip is currently an independent director of S.F. Holding Co., Ltd.

Mr. Yip is an elected associated member of the Chartered Institute of Bankers, London. He was educated in Hong Kong with an MBA from The University of Hong Kong. He has a Certified Financial Planner certificate issued by the Institute of Financial Planners of Hong Kong. Mr. Yip received the Ten Outstanding Young Persons Award in 1984 for his contribution to the banking industry and the community in Hong Kong. Mr. Yip was awarded the MBE by the British Government in 1984. In 1999, he was appointed Unofficial Justice of the Peace in Hong Kong. In 2000, he was awarded the Bronze Bauhinia Star by the Government of the Hong Kong Special Administrative Region. In June 2008, he was elected a member of Shanghai Committee of the Chinese People's Political Consultative Conference.

Mr. Yip is active in community and youth activities in Hong Kong and is a member of a number of service organizations such as Hong Kong Committee for United Nations Children Fund and the 8th National Council of Red Cross Society of China.

Other Information

For the year ended 30 June 2021, Mr. Yip is entitled to receive fees of HK$300,000 for being a Director of the Company, HK$280,000 for being a member of the Audit and Risk Management Committee of the Company and HK$60,000 for being a member of the Nomination Committee of the Company.

Professor Wong Yue-chim, Richard

SBS, JP

Independent Non-Executive Director (Age: 69)

Professor Wong has been an Independent Non-Executive Director of the Company since May 2005. He is the Chairman of both the Nomination Committee and the Remuneration Committee, and a member of the Audit and Risk Management Committee of the Company. Professor Wong studied Economics at the University of Chicago and graduated with a Doctorate in Philosophy. He is Professor of Economics at The University of Hong Kong. Professor Wong was awarded the Silver Bauhinia Star in 1999 by the Government of the Hong Kong Special Administrative Region for his contributions in education, housing, industry and technology development. In addition, he was appointed Justice of the Peace in July 2000.

Professor Wong serves as an independent non-executive director of Great Eagle Holdings Limited and Pacific Century Premium Developments Limited. He was an independent non-executive director of Orient Overseas (International) Limited and a member of the managing board of the Kowloon-Canton Railway Corporation.

For the year ended 30 June 2021, Professor Wong is entitled to receive fees of HK$300,000 for being a Director of the Company, and HK$70,000 for being the Chairman of each of the Nomination Committee and the Remuneration Committee of the Company. In addition, he is also entitled to receive a fee of approximately HK$123,000 for being a member of the Audit and Risk Management Committee of the Company for the period from 22 January 2021 (being the date of his appointment as a member of this Committee) to 30 June 2021.

Dr. Li Ka-cheung, Eric

LLD, DSocSc., HonDSocSc (EdUHK), B.A., GBS, OBE, JP

Independent Non-Executive Director (Age: 68)

Dr. Li was appointed as a Non-Executive Director of the Company in May 2005. He is currently an Independent Non-Executive Director, the Chairman of the Audit and Risk Management Committee and a member of the Remuneration Committee of the Company. He is also an independent non-executive director and the chairman of the audit committee and the remuneration committee of SmarTone Telecommunications Holdings Limited.

Dr. Li is the honorary chairman of Shinewing (HK) CPA Limited. He is also an independent non-executive director of Transport International Holdings Limited, Wong's International Holdings Limited and China Resources Beer (Holdings) Company Limited. Dr. Li was an independent non-executive director of Hang Seng Bank Limited.

Dr. Li is a member of the 13th National Committee of the Chinese People's Political Consultative Conference. He was a former member of the Legislative Council of Hong Kong, the chairman of its Public Accounts Committee, a past president of the Hong Kong Institute of Certified Public Accountants and a former convenor-cum-member of the Financial Reporting Review Panel.

For the year ended 30 June 2021, Dr. Li is entitled to receive fees of HK$300,000 for being a Director of the Company, HK$320,000 for being the Chairman of the Audit and Risk Management Committee of the Company and HK$60,000 for being a member of the Remuneration Committee of the Company. He is also entitled to receive other emoluments in the total sum of HK$288,000 for being a director and the chairman of the audit committee and the remuneration committee of SmarTone Telecommunications Holdings Limited.

Dr. Fung Kwok-lun, William

SBS, OBE, JP

Independent Non-Executive Director (Age: 73)

Dr. Fung has been an Independent Non-Executive Director of the Company since February 2010. He graduated from Princeton University with a Bachelor of Science degree in Engineering and also holds an MBA degree from the Harvard Graduate School of Business. He was conferred the degrees of Doctor of Business Administration, *honoris causa*, by The Hong Kong University of Science and Technology, by The Hong Kong Polytechnic University and by Hong Kong Baptist University and degree of Doctor of Letters, *honoris causa*, by Wawasan Open University of Malaysia.

Dr. Fung is the chairman and a non-executive director of Convenience Retail Asia Limited, and the chairman and an executive director of Global Brands Group Holding Limited (in liquidation). Both companies are within the Fung Group. Dr. Fung is an independent non-executive director of VTech Holdings Limited and The Hongkong and Shanghai Hotels, Limited. Formerly, he was the group non-executive chairman of Li & Fung Limited until October 2020.

Dr. Fung has held key positions in major trade associations. He is the past chairman of the Hong Kong General Chamber of Commerce (1994-1996), the Hong Kong Exporters' Association (1989-1991) and the Hong Kong Committee for Pacific Economic Cooperation (1993-2002). He was a Hong Kong Special Administrative Region delegate to the Chinese People's Political Consultative Conference (1998-2003). He has been awarded the Silver Bauhinia Star by the Government of the Hong Kong Special Administrative Region in 2008.

For the year ended 30 June 2021, Dr. Fung is entitled to receive a fee of HK$300,000 for being a Director of the Company.

Dr. Leung Nai-pang, Norman

LLD, GBS, JP

Independent Non-Executive Director (Age: 81)

Dr. Leung has been an Independent Non-Executive Director of the Company since July 2012. He is also a member of the Audit and Risk Management Committee, the Nomination Committee and the Remuneration Committee of the Company. Dr. Leung is the chairman and an independent non-executive director of Transport International Holdings Limited.

Dr. Leung has been active in public service for 40 years and he served as Commissioner of the Civil Aid Service from 1993 to 2007, chairman of the Broadcasting Authority from 1997 to 2002, council chairman of City University of Hong Kong from 1997 to 2003 and Pro-Chancellor of City University of Hong Kong from 2005 to 2016. He is the council chairman of The Chinese University of Hong Kong.

For the year ended 30 June 2021, Dr. Leung is entitled to receive fees of HK$300,000 for being a Director of the Company, HK$280,000 for being a member of the Audit and Risk Management Committee of the Company, and HK$60,000 for being a member of each of the Nomination Committee and the Remuneration Committee of the Company.

Leung Ko May-yee, Margaret

SBS, JP

Independent Non-Executive Director (Age: 69)

Mrs. Leung has been an Independent Non-Executive Director of the Company since March 2013. She holds a Bachelor's degree in Economics, Accounting and Business Administration from The University of Hong Kong. She was the vice-chairman and the chief executive of Hang Seng Bank Limited, the chairman of Hang Seng Bank (China) Limited, a director of various subsidiaries of Hang Seng Bank Limited, a director of The Hongkong and Shanghai Banking Corporation Limited and the Group General Manager of HSBC Holdings plc prior to her retirement from the HSBC group in June 2012.

Mrs. Leung is currently an independent non-executive director of First Pacific Company Limited and Agricultural Bank of China Limited. In addition, she was an independent non-executive director of Swire Pacific Limited, Hutchison Whampoa Limited, China Construction Bank Corporation, QBE Insurance Group Limited, Hong Kong Exchanges and Clearing Limited and Li & Fung Limited as well as the deputy chairman, managing director and chief executive of Chong Hing Bank Limited.

Mrs. Leung is the vice chairman of the Advisory Committee on Arts Development of the Home Affairs Bureau, a member of the Advisory Committee on Post-office Employment for Former Chief Executives and Politically Appointed Officials and the Public Service Commission of the Government of the Hong Kong Special Administrative Region, a non-ex officio member of The Law Reform Commission of Hong Kong, and a Steward of The Hong Kong Jockey Club. She is also a council member, the treasurer and the chairman of the finance committee, and a member of the human resources policy committee of The University of Hong Kong. Mrs. Leung was the chairman of the board of governors of Hang Seng Management College and Hang Seng School of Commerce, a court member of the Hong Kong Baptist University, and a member of the advisory board and the chairman of the investment committee of the Hong Kong Export Credit Insurance Corporation from 2005 to 2010. She was also a member of the Greater Pearl River Delta Business Council, the advisory committee of the Securities and Futures Commission, the Banking Review Tribunal, and the Independent Commission on Remuneration for Members of the Executive Council and the Legislature, and Officials under the Political Appointment System of the Hong Kong Special Administrative Region, the chairman of the executive committee of The Community Chest of Hong Kong, and a member of the board of directors and the finance committee of the Hospital Authority.

For the year ended 30 June 2021, Mrs. Leung is entitled to receive a fee of HK$300,000 for being a Director of the Company.

Other Information

Fan Hung-ling, Henry

SBS, JP

Independent Non-Executive Director (Age: 73)

Mr. Fan has been an Independent Non-Executive Director of the Company since March 2018. He graduated from The University of Hong Kong with an honours degree in Economics and Business Management and also holds a Bachelor of Laws degree from the University of Beijing. He is a Barrister-at-Law in Hong Kong, and in England and Wales as well as an Attorney-at-Law in the State of California, U.S.A.

Mr. Fan has over 30 years of experience in business management. He was a director and then managing director of CITIC Pacific Limited (now known as CITIC Limited) from 1990 and 1992 respectively to 2009. In addition, Mr. Fan was a deputy chairman of Cathay Pacific Airways Limited from 1997 to 2009 and an independent non-executive director of Hong Kong Exchanges and Clearing Limited from 2003 to 2009. He is currently an independent non-executive director of HKR International Limited. Mr. Fan is also the managing director of Hong Kong Glory Limited, a family investment company.

Mr. Fan has a long record of public service in Hong Kong. He is a member of the Chief Executive's Council of Advisers on Innovation and Strategic Development, the chairman of the Hospital Authority, as well as a member of the board of directors of the West Kowloon Cultural District Authority and the Financial Services Development Council. He is also the Chairman of the board of directors of West Kowloon Cultural District Foundation Limited. Mr. Fan was a non-official member of the Executive Council of the Hong Kong Special Administrative Region, the chairman of the Mandatory Provident Fund Schemes Authority, and a non-executive director of the Securities and Futures Commission.

For the year ended 30 June 2021, Mr. Fan is entitled to receive a fee of HK$300,000 for being a Director of the Company.

Wu Xiang-dong

MBA, M.E., B.E.

Independent Non-Executive Director (Age: 54)

Mr. Wu has been an Independent Non-Executive Director of the Company since September 2019. He holds a double Bachelor's degree in Construction Management and Engineering Mechanics, as well as a Master's degree in Municipal Engineering from Tsinghua University and an MBA degree from the University of San Francisco.

Mr. Wu has over 26 years of experience in corporate management and commercial property operation. He is currently a co-chairman, the chief executive officer and the president of China Fortune Land Development Co., Ltd. Mr. Wu was an executive director of China Resources Land Limited ("CRL") for the period from June 2009 to February 2019 and also worked as the executive vice president, the managing director and the chairman of the board of directors of CRL for certain time during such period. He was also an independent director of Yango Group Co., Ltd.

For the year ended 30 June 2021, Mr. Wu is entitled to receive a fee of HK$300,000 for being a Director of the Company.

Other Information

Kwan Cheuk-yin, William

LLB

Non-Executive Director (Age: 87)

Mr. Kwan has been a Non-Executive Director of the Company since July 1999 and is a member of both the Nomination Committee and the Remuneration Committee of the Company. Mr. Kwan was the managing partner of Woo Kwan Lee & Lo, Solicitors and had over 59 years of experience in legal practice. He retired as such on 31 March 2021 and thereafter he was appointed a consultant of the firm. He is a former director and advisor and currently a voting member of the Tung Wah Group of Hospitals. He is a vice president of Scout Association of Hong Kong, a vice chairman of the Hong Kong Scout Foundation Management Committee, a member of Hong Kong Scout Foundation Investment Team, a vice chairman of the Scout Performing Arts Committee, a chairman of Air Activities Committee, an adviser of Air Activities Development Fund Committee, a chairman of Scout Association of Hong Kong Leadership Training Institute Foundation Management Committee, a member of Programme Committee of Scout Association of Hong Kong and a vice chairman of World Scout Foundation Baden-Powell Fellowship Hong Kong Chapter. Mr. Kwan is a past member of the Stamp Advisory Committee and was a committee member of the Hong Kong Philatelic Society up to 31 March 2021 and thereafter was appointed honorary life president of the Hong Kong Philatelic Society. He is an honorary member of the Federation of Inter-Asia Philately (FIAP), president of FIAP Grand Prix Club, formerly vice president of FIAP and winner of two Grand Prix International at FIP Exhibitions. He is also a president of the Hong Kong Branch of the King's College London Association, a permanent advisor of Wah Yan (Hong Kong) Past Students Association and a chairman of Wah Yan Dramatic Society. Mr. Kwan is a committee member and legal advisor of South China Athletic Association and former vice manager of its Football Section as well as manager of its Ten Pin Bowling Section and an honorary legal advisor of the Hong Kong Society for Reproductive Society.

Mr. Kwan was commissioner general and vice chairman of the Organizing Committees of the Hong Kong 1994, 1997, 2001 and 2004 International Stamp Exhibitions and was commissioner general and chairman of the Organizing Committees of the Hong Kong 2009 and 2015 International Stamp Exhibitions. He served on the Hong Kong Golf Club General Committee on several occasions in various capacities. He graduated from King's College, London University and is a fellow of King's College London, the Institute of Arbitrators and the Royal Philatelic Society, London.

For the year ended 30 June 2021, Mr. Kwan is entitled to receive fees of HK$300,000 for being a Director of the Company, and HK$60,000 for being a member of each of the Nomination Committee and the Remuneration Committee of the Company.

Kwok Kai-chun, Geoffrey

BA

Non-Executive Director (Age: 36)

Mr. Kwok has been a Non-Executive Director of the Company since December 2018. He holds a Bachelor of Arts degree in Economics from Yale University. Mr. Kwok joined the Group in May 2008 and has participated in managing the hotels and serviced apartments of the Group in Hong Kong and on the mainland. He is a director of a subsidiary in the hotel division of the Group. Prior to joining the Group, he worked in an international investment bank. He is also a director of Empire Group Holdings Limited.

Mr. Kwok is a nephew of Mr. Kwok Ping-luen, Raymond. He is also a grandson of Madam Kwong Siu-hing, who is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Kwok is a cousin of Messrs. Kwok Kai-fai, Adam, Kwok Kai-wang, Christopher and Kwok Ho-lai, Edward.

For the year ended 30 June 2021, Mr. Kwok is entitled to receive a fee of HK$300,000 for being a Director of the Company.

Other Information

Kwok Kai-fai, Adam

MBA, BSc

Executive Director (Age: 38)

Mr. Kwok has been an Executive Director of the Company since December 2014. He is also a member of the Executive Committee of the Company and a director of certain subsidiaries of the Company. Mr. Kwok holds a Bachelor of Science degree in Management Science and Engineering from Stanford University and a Master's degree in Business Administration from Harvard Business School. He worked in an international investment bank prior to joining the Group in November 2008, and has substantial experience in corporate finance. He is currently responsible for the planning, development and management of residential and commercial projects of the Group in Hong Kong and on the mainland. Since April 2013, he has taken up the overall responsibilities for the property business in Southern China.

In addition, Mr. Kwok is a vice-president of The Real Estate Developers Association of Hong Kong, a member of the Major Sports Events Committee, a member of the International Advisory Council of the Faculty of Business and Economics of The University of Hong Kong, an advisor of Our Hong Kong Foundation and a president of Hong Kong United Youth Association. He is also a standing committee member of the Guangdong Provincial Committee of the Chinese People's Political Consultative Conference, a founder and deputy chairman of Hong Kong Guangdong Youth Association, a standing committee member of All-China Youth Federation, a member of the chairman's committee of Friends of Hong Kong Association Development Foundation and a vice-chairman of Greater Bay Area Homeland Youth Community Foundation.

Mr. Kwok is a nephew of Mr. Kwok Ping-luen, Raymond. He is also a grandson of Madam Kwong Siu-hing, who is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Kwok is a cousin of Messrs. Kwok Kai-wang, Christopher, Kwok Kai-chun, Geoffrey and Kwok Ho-lai, Edward.

For the year ended 30 June 2021, Mr. Kwok is entitled to receive a fee of HK$300,000 for being a Director of the Company and other emoluments of approximately HK$8.97 million.

Kwok Kai-wang, Christopher

MBA, BSc

Executive Director (Age: 35)

Mr. Kwok has been an Executive Director of the Company since April 2016. He is also a member of the Executive Committee of the Company and a director of certain subsidiaries of the Company. Mr. Kwok holds a Bachelor of Science Degree in Chemistry from Harvard University and a Master's degree in Business Administration from Stanford Graduate School of Business. He joined the Group in 2011 and is primarily responsible for the leasing of residential, retail and commercial properties of the Group in Hong Kong and on the mainland. Besides, he assumes the overall responsibilities for the property business in Northern China. Mr. Kwok also assists the Chairman of the Company in all other non-property businesses of the Group in which he is a non-executive director of SUNeVision Holdings Ltd.

Other Information

In addition, Mr. Kwok is a member of the General Committee of the Employers' Federation of Hong Kong and a convenor of the Development Committee of the Hong Kong Chronicles Institute under Our Hong Kong Foundation. He is also a member of the Beijing Municipal Committee of the Chinese People's Political Consultative Conference and a vice-chairman of Greater Bay Area Homeland Youth Community Foundation.

Mr. Kwok is a son of Mr. Kwok Ping-luen, Raymond. He is also a grandson of Madam Kwong Siu-hing, who is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Kwok is a cousin of Messrs. Kwok Kai-fai, Adam and Kwok Kai-chun, Geoffrey, and the younger brother of Mr. Kwok Ho-lai, Edward.

For the year ended 30 June 2021, Mr. Kwok is entitled to receive a fee of HK$300,000 for being a Director of the Company. He is also entitled to receive other emoluments in the total sum of approximately HK$8.31 million, including a fee of HK$45,000 for being a director of SUNeVision Holdings Ltd.

Tung Chi-ho, Eric

BA(AS)Hons, BArch, HKIA, Registered Architect, Authorized Person (List of Architects)
Executive Director (Age: 62)

Mr. Tung has been an Executive Director of the Company since December 2013. He is also a member of the Executive Committee of the Company and a director of certain subsidiaries of the Company. Mr. Tung holds a Bachelor of Arts degree in Architectural Studies and a Bachelor of Architecture degree from The University of Hong Kong. He is a member of The Hong Kong Institute of Architects and a Registered Architect. Mr. Tung joined the Group in 1987 and has progressed through the ranks with increasing project management, sales and marketing responsibilities for a number of signature projects of the Group in Hong Kong and Singapore and on the mainland. He is also an executive director of SUNeVision Holdings Ltd.

For the year ended 30 June 2021, Mr. Tung is entitled to receive a fee of HK$300,000 for being a Director of the Company. He is also entitled to receive other emoluments in the total sum of approximately HK$22 million, including a fee of HK$45,000 for being a director of SUNeVision Holdings Ltd.

Other Information

Fung Yuk-lun, Allen

BA, Ph.D.

Executive Director (Age: 53)

Mr. Fung has been an Executive Director of the Company since December 2013. He is also a member of the Executive Committee of the Company, the chief executive officer of the Group's non-property related portfolio investments, and a director of certain subsidiaries of the Company. Mr. Fung obtained an undergraduate degree (Modern History) from Oxford University and holds a doctoral degree in History and East Asian Languages from Harvard University. He was a recipient of a Guggenheim Fellowship in 1996. Mr. Fung was a Teaching Fellow at Harvard University in 1993-1994 and a visiting Assistant Professor of History at Brown University in 1996-1997. Mr. Fung is a vice chairman and an executive director of SUNeVision Holdings Ltd. as well as a deputy chairman and an executive director of SmarTone Telecommunications Holdings Limited. He is also a non-executive director of Transport International Holdings Limited.

Mr. Fung joined McKinsey & Company ("McKinsey"), a global management consulting company, in 1997. He primarily served clients on the mainland and in Hong Kong, and also served institutions in Europe and Southeast Asia. Mr. Fung was the co-leader of the infrastructure practice for McKinsey. He was the managing partner of McKinsey Hong Kong from 2004 to 2010. In 2011, he became a director of McKinsey globally, being the first Hong Kong Chinese to become a director in McKinsey's history. He was also the head of recruiting for the Asia region in McKinsey.

Mr. Fung is a member of the General Committee of the Hong Kong General Chamber of Commerce, an honorary secretary of The Hong Kong Federation of Youth Groups, a council member and an executive committee member of The Hong Kong Management Association, and the president of the Hong Kong Society for the Protection of Children. He is also a member of the board of the Asian Youth Orchestra, a board member of the Hong Kong Tourism Board, the vice-chairman of the board of the Hong Kong Philharmonic Society Limited, and a member of the Museum Advisory Committee of the Leisure and Cultural Services Department of the Government of the Hong Kong Special Administrative Region.

For the year ended 30 June 2021, Mr. Fung is entitled to receive a fee of HK$300,000 for being a Director of the Company. He is also entitled to receive other emoluments in the total sum of approximately HK$21.92 million, including fees of HK$52,500 and HK$162,000 for being a vice chairman and a director of SUNeVision Holdings Ltd. as well as a deputy chairman and a director of SmarTone Telecommunications Holdings Limited respectively.

Other Information

Kwok Ho-lai, Edward

EMBA, BA

Alternate Director to Kwok Ping-luen, Raymond (Age: 41)

Mr. Kwok has been an Alternate Director to Mr. Kwok Ping-luen, Raymond since July 2012. He is also a director of certain subsidiaries of the Company. He holds a Bachelor of Arts degree from Yale University and a Postgraduate Diploma in Professional Accountancy from The Chinese University of Hong Kong. He has also obtained an Executive MBA degree from the Kellogg School of Management and the HKUST Business School in December 2017. His professional qualifications include being a fellow member of the Hong Kong Institute of Certified Public Accountants since September 2020 and being a fellow member of The Institute of Chartered Accountants in England and Wales since February 2020. In addition, Mr. Kwok has been an alternate director to Mr. Kwok Ping-luen, Raymond at Wing Tai Properties Limited since April 2015.

Mr. Kwok has joined the Group since January 2010 and is now a sales and project manager, responsible for feasibility study, marketing and planning of new residential projects of the Group in Hong Kong. Before joining the Group, Mr. Kwok worked in a major international audit firm.

Mr. Kwok is a son of Mr. Kwok Ping-luen, Raymond. He is also a grandson of Madam Kwong Siu-hing, who is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Kwok is a cousin of Messrs. Kwok Kai-fai, Adam and Kwok Kai-chun, Geoffrey, and the elder brother of Mr. Kwok Kai-wang, Christopher.

All the Directors and Alternate Directors of the Company have not entered into any service contract with the Company. In accordance with the articles of association of the Company, Directors are subject to retirement and shall be eligible for re-election at the annual general meetings of the Company. For the Non-Executive Directors (including the Independent Non-Executive Directors), they are subject to a term of approximately two years commencing from the date of the annual general meeting at which they are re-elected and expiring at the annual general meeting to be held two years thereafter, and they shall be eligible for re-election at that annual general meeting upon the expiry of their term of office. In accordance with the articles of association of the Company, the appointment of Alternate Directors will cease if their appointors cease to be Directors of the Company.

The Directors' fees are proposed by the Board of Directors and approved by the shareholders of the Company at the annual general meeting and their other emoluments are subject to review by the Board of Directors from time to time pursuant to the power given to it under the articles of association of the Company with reference to their contributions in terms of time, effort and accomplishments. Alternate Directors shall not be entitled to receive from the Company any remuneration in respect of their appointment as Alternate Directors except only such part (if any) of the remuneration otherwise payable to their appointors as such appointors may by notice in writing to the Company from time to time direct.

SENIOR MANAGEMENT

The Executive Directors of the Company are also members of the senior management of the Group.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 31 December 2021, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

1. Long positions in shares and underlying shares of the Company

	Number of shares held							
Name of Directors	**Personal interests (held as beneficial owner)**	**Family interests (interests of spouse or child under 18)**	**Corporate interests (interests of controlled corporation)**	**Other interests**	**Sub-total**	**Number of underlying shares held under equity derivatives**	**Total**	**% of issued voting shares as at 31.12.2021**
Kwok Ping-luen, Raymond	188,743	1,580,000[1]	–	540,885,186[2&7]	542,653,929	–	542,653,929	18.73
Wong Chik-wing, Mike	497,695	–	–	–	497,695	–	497,695	0.02
Lui Ting, Victor	160,000	–	–	–	160,000	–	160,000	0.01
Wong Yue-chim, Richard	5,000	1,000[1]	–	–	6,000	–	6,000	0.00
Li Ka-cheung, Eric	–	4,028[1]	–	–	4,028	–	4,028	0.00
Fung Kwok-lun, William	220,000	9,739[1]	–	–	229,739	–	229,739	0.01
Leung Nai-pang, Norman	–	10,833[1]	–	–	10,833	–	10,833	0.00
Leung Ko May-yee, Margaret	15,372	–	–	–	15,372	–	15,372	0.00
Kwok Kai-chun, Geoffrey	–	–	–	662,437,372[4,5,7&8]	662,437,372	–	662,437,372	22.86
Kwok Kai-fai, Adam	–	–	32,000[3]	668,971,247[6,7&8]	669,003,247	–	669,003,247	23.09
Kwok Kai-wang, Christopher	110,000[9]	60,000[1]	–	667,838,601[2,7&8]	668,008,601	–	668,008,601	23.05
Kwok Ho-lai, Edward *(Alternate Director to Kwok Ping-luen, Raymond)*	32,000	–	–	667,838,601[2,7&8]	667,870,601	–	667,870,601	23.05

Notes:

1. *These shares in the Company were held by the spouse of the Director concerned.*

2. *Messrs. Kwok Ping-luen, Raymond, Kwok Kai-wang, Christopher and Kwok Ho-lai, Edward were deemed to be interested in 540,885,186 shares in the Company by virtue of them being beneficiaries of certain discretionary trusts for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated amongst them.*

3. *These shares in the Company were held by a corporation wholly-owned and controlled by Mr. Kwok Kai-fai, Adam.*

4. *Mr. Kwok Kai-chun, Geoffrey was deemed to be interested in 211,173,896 shares in the Company by virtue of him being a beneficiary of certain trusts for the purpose of Part XV of the SFO.*

5. *Mr. Kwok Kai-chun, Geoffrey was also deemed to be interested in 324,310,061 shares in the Company by virtue of him being a beneficiary of a discretionary trust for the purpose of Part XV of the SFO.*

6. *Mr. Kwok Kai-fai, Adam was deemed to be interested in 542,017,832 shares in the Company by virtue of him being a beneficiary of certain discretionary trusts for the purpose of Part XV of the SFO.*

7. *Of the said 540,885,186 shares, 324,310,061 shares and 542,017,832 shares in the Company as stated in Notes 2, 5 and 6 above respectively, Messrs. Kwok Ping-luen, Raymond, Kwok Kai-fai, Adam, Kwok Kai-wang, Christopher, Kwok Kai-chun, Geoffrey and Kwok Ho-lai, Edward were deemed to be interested in 93,127,223 shares in the Company by virtue of them being beneficiaries of certain discretionary trusts for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated amongst them.*

8. *Messrs. Kwok Kai-fai, Adam, Kwok Kai-wang, Christopher, Kwok Kai-chun, Geoffrey and Kwok Ho-lai, Edward were also deemed to be interested in 126,953,415 shares in the Company by virtue of them being beneficiaries of a discretionary trust for the benefit of the sons of the late Mr. Kwok Ping-sheung, Walter, of Mr. Kwok Ping-kwong, Thomas and of Mr. Kwok Ping-luen, Raymond respectively for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated amongst them.*

9. *These shares in the Company were held jointly with the spouse of Mr. Kwok Kai-wang, Christopher.*

2. Long positions in shares and underlying shares of associated corporations of the Company

(a) SUNeVision Holdings Ltd. ("SUNeVision")

	Number of shares held						
Name of Directors	**Personal interests (held as beneficial owner)**	**Family interests (interests of spouse or child under 18)**	**Other interests**	**Sub-total**	**Number of underlying shares held under equity derivatives[1]**	**Total**	**% of issued voting shares as at 31.12.2021**
Kwok Ping-luen, Raymond	–	–	3,485,000[2&3]	3,485,000	–	3,485,000	0.15
Wong Chik-wing, Mike	218,000	–	–	218,000	–	218,000	0.01
Lui Ting, Victor	356	–	–	356	–	356	0.00
Leung Nai-pang, Norman	341,000	142[4]	–	341,142	–	341,142	0.01
Leung Ko May-yee, Margaret	1,000	2,000[4]	–	3,000	–	3,000	0.00
Kwok Kai-chun, Geoffrey	–	–	11,927,658[2&5]	11,927,658	–	11,927,658	0.51
Kwok Kai-fai, Adam	–	–	11,927,658[2&5]	11,927,658	–	11,927,658	0.51
Kwok Kai-wang, Christopher	–	–	13,272,658[2,3&5]	13,272,658	–	13,272,658	0.57
Fung Yuk-lun, Allen	4,000,000	–	–	4,000,000	4,000,000	8,000,000	0.34
Kwok Ho-lai, Edward *(Alternate Director to Kwok Ping-luen, Raymond)*	–	–	13,272,658[2,3&5]	13,272,658	–	13,272,658	0.57

Notes:

1. *These underlying shares held under equity derivatives represented the share options (being regarded for the time being as unlisted physically settled equity derivatives) granted by SUNeVision under its share option scheme. Details of the share options are set out in the section headed "Share Option and Share Award Schemes" below.*

2. *Messrs. Kwok Ping-luen, Raymond, Kwok Kai-fai, Adam, Kwok Kai-wang, Christopher, Kwok Kai-chun, Geoffrey and Kwok Ho-lai, Edward were deemed to be interested in 2,140,000 shares in SUNeVision by virtue of them being beneficiaries of certain discretionary trusts for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated amongst them.*

3. *Messrs. Kwok Ping-luen, Raymond, Kwok Kai-wang, Christopher and Kwok Ho-lai, Edward were also deemed to be interested in 1,345,000 shares in SUNeVision by virtue of them being beneficiaries of a discretionary trust for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated amongst them.*

4. *These shares in SUNeVision were held by the spouse of the Director concerned.*

5. *Messrs. Kwok Kai-fai, Adam, Kwok Kai-wang, Christopher, Kwok Kai-chun, Geoffrey and Kwok Ho-lai, Edward were also deemed to be interested in 9,787,658 shares in SUNeVision by virtue of them being beneficiaries of a discretionary trust for the benefit of the sons of the late Mr. Kwok Ping-sheung, Walter, of Mr. Kwok Ping-kwong, Thomas and of Mr. Kwok Ping-luen, Raymond respectively for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated amongst them.*

(b) SmarTone Telecommunications Holdings Limited ("SmarTone")

	Number of shares held					
Name of Directors	**Personal interests (held as beneficial owner)**	**Other interests**	**Sub-total**	**Number of underlying shares held under equity derivatives**	**Total**	**% of issued voting shares as at 31.12.2021**
Kwok Ping-luen, Raymond	–	5,162,337[1]	5,162,337	–	5,162,337	0.46
Kwok Kai-chun, Geoffrey	–	6,849,161[2]	6,849,161	–	6,849,161	0.62
Kwok Kai-fai, Adam	–	6,849,161[2]	6,849,161	–	6,849,161	0.62
Kwok Kai-wang, Christopher	–	12,011,498[1&2]	12,011,498	–	12,011,498	1.08
Fung Yuk-lun, Allen	437,359	–	437,359	–	437,359	0.04
Kwok Ho-lai, Edward *(Alternate Director to Kwok Ping-luen, Raymond)*	–	12,011,498[1&2]	12,011,498	–	12,011,498	1.08

Notes:

1. *Messrs. Kwok Ping-luen, Raymond, Kwok Kai-wang, Christopher and Kwok Ho-lai, Edward were deemed to be interested in 5,162,337 shares in SmarTone by virtue of them being beneficiaries of a discretionary trust for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated amongst them.*

2. *Messrs. Kwok Kai-fai, Adam, Kwok Kai-wang, Christopher, Kwok Kai-chun, Geoffrey and Kwok Ho-lai, Edward were deemed to be interested in 6,849,161 shares in SmarTone by virtue of them being beneficiaries of a discretionary trust for the benefit of the sons of the late Mr. Kwok Ping-sheung, Walter, of Mr. Kwok Ping-kwong, Thomas and of Mr. Kwok Ping-luen, Raymond respectively for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated amongst them.*

(c) Transport International Holdings Limited ("Transport International")

Name of Directors	Number of shares held: Personal interests (held as beneficial owner)	Sub-total	Number of underlying shares held under equity derivatives[1]	Total	% of issued voting shares as at 31.12.2021
Kwok Ping-luen, Raymond	525,832[2]	525,832	400,000	925,832	0.20
Lui Ting, Victor	300,000	300,000	–	300,000	0.06
Li Ka-cheung, Eric	1,600	1,600	400,000	401,600	0.09
Leung Nai-pang, Norman	100,000	100,000	450,000	550,000	0.12
Fung Yuk-lun, Allen	–	–	400,000	400,000	0.09

Notes:

1. *These underlying shares held under equity derivatives represented the share options (being regarded for the time being as unlisted physically settled equity derivatives) granted by Transport International under its share option scheme. Details of these share options and their movements during the six months ended 31 December 2021 were as follows:*

Name of Directors	*Date of grant*	*Exercise price per share (HK$)*	*Exercise period*	*Number of share options: Balance as at 01.07.2021*	*Granted during the period*	*Exercised during the period*	*Cancelled/ Lapsed during the period*	*Balance as at 31.12.2021*
Kwok Ping-luen, Raymond	*19.11.2020*	*15.32*	*19.11.2021 to 18.11.2025*	*400,000*	–	–	–	*400,000*
Li Ka-cheung, Eric	*19.11.2020*	*15.32*	*19.11.2021 to 18.11.2025*	*400,000*	–	–	–	*400,000*
Leung Nai-pang, Norman	*19.11.2020*	*15.32*	*19.11.2021 to 18.11.2025*	*450,000*	–	–	–	*450,000*
Fung Yuk-lun, Allen	*19.11.2020*	*15.32*	*19.11.2021 to 18.11.2025*	*400,000*	–	–	–	*400,000*

The above share options can be exercised up to 50% of the grant from the first anniversary of the date of grant and in whole or in part of the grant from the second anniversary of the date of grant.

2. *Of these shares in Transport International, 521,659 shares were held jointly with the spouse of Mr. Kwok Ping-luen, Raymond.*

(d) Each of Messrs. Kwok Ping-luen, Raymond, Kwok Kai-fai, Adam, Kwok Kai-wang, Christopher, Kwok Kai-chun, Geoffrey and Kwok Ho-lai, Edward had the following interests in shares of the following associated corporations:

Name of associated corporations	Actual shares held through corporation	Actual % of interests in issued voting shares as at 31.12.2021
Splendid Kai Limited	2,500[1]	25.00
Hung Carom Company Limited	25[1]	25.00
Tinyau Company Limited	1[1]	50.00
Open Step Limited	8[1]	80.00
Vivid Synergy Limited	963,536,900[1]	20.00

Note:

1. *Messrs. Kwok Ping-luen, Raymond, Kwok Kai-fai, Adam, Kwok Kai-wang, Christopher, Kwok Kai-chun, Geoffrey and Kwok Ho-lai, Edward were deemed to be interested in these shares by virtue of them being beneficiaries of certain discretionary trusts for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated amongst them.*

Save as disclosed above, as at 31 December 2021, none of the Directors or chief executives of the Company were, under Divisions 7 and 8 of Part XV of the SFO, taken to be interested or deemed to have any other interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations that were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO, or that were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company follows the Model Code in Appendix 10 to the Listing Rules as the code of conduct for the Directors of the Company in their dealings in the securities of the Company. In response to specific enquiry made by the Company, all the Directors have confirmed that they have complied with the Model Code during the six months ended 31 December 2021.

SHARE OPTION AND SHARE AWARD SCHEMES

1. Share option scheme of the Company

At the annual general meeting of the Company held on 15 November 2012, the shareholders of the Company (the “Shareholders”) passed an ordinary resolution to approve the adoption of a share option scheme (the “Share Option Scheme”).

During the six months ended 31 December 2021, no share options were granted under the Share Option Scheme and there were no outstanding share options granted under the Share Option Scheme.

2. Share option schemes of the subsidiaries

(a) SUNeVision

On 1 November 2012, SUNeVision adopted a share option scheme which became effective on 15 November 2012 following the passing of an ordinary resolution approving the same by the Shareholders at the annual general meeting of the Company held on 15 November 2012 (the "SUNeVision Share Option Scheme").

During the six months ended 31 December 2021, no share options were granted under the SUNeVision Share Option Scheme. Particulars of the outstanding share options granted under the SUNeVision Share Option Scheme and their movements during the six months ended 31 December 2021 were as follows:

				Number of share options					
Grantees	Date of grant	Exercise price per share (HK$)	Exercise period[1]	Balance as at 01.07.2021	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	Balance as at 31.12.2021	Closing price per share (HK$)
(i) Directors of SUNeVision									
Fung Yuk-lun, Allen	22.05.2019	6.688	22.05.2020 to 21.05.2024	4,000,000	–	–	–	4,000,000	N/A
Other directors of SUNeVision	19.06.2018	5.048	19.06.2019 to 18.06.2023	5,500,000	–	–	–	5,500,000	N/A
	22.05.2019	6.688	22.05.2020 to 21.05.2024	2,790,000	–	–	–	2,790,000	N/A
	05.05.2021	7.982	05.05.2022 to 04.05.2026	9,000,000	–	–	–	9,000,000	N/A
(ii) Other employees of the SUNeVision group	19.06.2018	5.048	19.06.2019 to 18.06.2023	970,000	–	(40,000)	–	930,000	7.95[2]
	22.05.2019	6.688	22.05.2020 to 21.05.2024	3,017,000	–	(30,000)	(180,000)	2,807,000	7.18[2]
	17.06.2020	5.39	17.06.2021 to 16.06.2025	10,030,000	–	(544,000)	(840,000)	8,646,000	7.76[2]
	17.06.2020	5.39	01.07.2021 to 16.06.2025	500,000	–	–	–	500,000	N/A
	17.06.2020	5.39	02.09.2021 to 16.06.2025	600,000	–	–	–	600,000	N/A
	05.05.2021	7.982	05.05.2022 to 04.05.2026	4,370,000	–	–	(150,000)	4,220,000	N/A
	05.05.2021	7.982	15.07.2022 to 04.05.2026	400,000	–	–	–	400,000	N/A
(iii) Other participants of the SUNeVision Share Option Scheme	17.06.2020	5.39	17.06.2021 to 16.06.2025	200,000	–	(60,000)	(140,000)	–	7.00[2]
	05.05.2021	7.982	05.05.2022 to 04.05.2026	400,000	–	–	(400,000)	–	N/A
	05.05.2021	7.982	05.10.2022 to 04.05.2026	800,000	–	–	–	800,000	N/A
Total				42,577,000	–	(674,000)	(1,710,000)	40,193,000	

Notes:

1. *The share options can be exercised up to 30% of the grant from the first anniversary of the date of grant, up to 60% of the grant from the second anniversary of the date of grant, and in whole or in part of the grant from the third anniversary of the date of grant (except that for the exercise periods of the share options granted to certain employees of the SUNeVision group and/or other participants of the SUNeVision Share Option Scheme on 17 June 2020 and 5 May 2021 respectively, such share options can be exercised up to 30% of the grant from the first anniversary of the date of completion of one year's employment or secondment of the respective employees or participants (the "Date of Completion"), up to 60% of the grant from the second anniversary of the Date of Completion, and in whole or in part of the grant from the third anniversary of the Date of Completion).*

2. *This represented the weighted average closing price of the shares of SUNeVision immediately before the dates on which the share options were exercised.*

Save as disclosed above, there were no outstanding share options granted under the SUNeVision Share Option Scheme during the six months ended 31 December 2021.

(b) SmarTone

On 2 November 2011, SmarTone adopted a share option scheme which became effective on 8 December 2011 and expired on 1 November 2021 (the "Old SmarTone Share Option Scheme"). In order to ensure continuity of a share option scheme for SmarTone, SmarTone adopted a new share option scheme on 2 November 2021, which became effective on 4 November 2021 following the passing of an ordinary resolution approving the same by the Shareholders at the annual general meeting of the Company held on 4 November 2021 (the "New SmarTone Share Option Scheme").

During the six months ended 31 December 2021, no share options were granted under the Old SmarTone Share Option Scheme or the New SmarTone Share Option Scheme and there were no outstanding share options granted under any of the aforesaid schemes.

3. Share award scheme of SmarTone

On 29 June 2018, the board of SmarTone adopted a share award scheme (the "SmarTone Share Award Scheme"). Pursuant to the rules of the SmarTone Share Award Scheme, shares of SmarTone will be acquired by a trustee at the cost of SmarTone and be held in trust for selected employees of the SmarTone group until the end of each vesting period.

During the six months ended 31 December 2021, no shares were awarded under the SmarTone Share Award Scheme. Particulars of the outstanding shares awarded under the SmarTone Share Award Scheme and their movements during the six months ended 31 December 2021 were as follows:

			Number of awarded shares				
Awardees	**Date of award**	**Vesting period[1]**	**Balance as at 01.07.2021**	**Awarded during the period**	**Vested during the period**	**Lapsed during the period**	**Balance as at 31.12.2021**
(i) Director of SmarTone	31.01.2019	31.01.2020 to 31.01.2022	29,200	–	–	–	29,200
(ii) Other employees of the SmarTone group	31.01.2019	31.01.2020 to 31.01.2022	485,110	–	–	(52,720)	432,390
	28.02.2020	28.02.2021 to 28.02.2023	895,370	–	–	(99,800)	795,570
Total			1,409,680	–	–	(152,520)	1,257,160

Note:

1. *30% of the awarded shares shall vest on the first and second anniversary date of the date of award and the balance shall vest on the third anniversary date of the date of award.*

Other Information

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 31 December 2021, substantial shareholders of the Company and other persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or which were notified to the Company, were as follows:

	Number of shares held				
	Personal interests (held as beneficial owner)	**Corporate interests (interests of controlled corporation)**	**Other interests**	**Total**	**% of issued voting shares as at 31.12.2021**
(i) Substantial shareholders					
HSBC Trustee (C.I.) Limited	–	–	1,004,383,508[1,2&3]	1,004,383,508	34.66
Kwong Siu-hing	25,024	–	786,675,737[1&3]	786,700,761	27.15
Adolfa Limited ("Adolfa")	231,182,838	93,127,223	–	324,310,061[3&4]	11.19
Bertana Limited ("Bertana")	231,182,838	93,127,223	–	324,310,061[3&5]	11.19
Cyric Limited ("Cyric")	231,182,838	93,127,223	–	324,310,061[3&6]	11.19
(ii) Other persons					
Credit Suisse Trust Limited	–	–	216,585,125[7&8]	216,585,125	7.47
Genesis Trust & Corporate Services Ltd.	–	–	211,173,896[9]	211,173,896	7.29
Kwok Kai-ho, Jonathan	–	–	211,173,896[9]	211,173,896	7.29
Thriving Talent Limited	194,002,095[2]	–	–	194,002,095	6.69
Thriving Talent Holdings Limited	–	194,002,095[2]	–	194,002,095	6.69
Rosy Result Limited	189,149,595[7]	–	–	189,149,595	6.53
Asporto Limited	187,357,707[9]	–	–	187,357,707	6.47

Notes:

1. *Madam Kwong Siu-hing was deemed to be interested in 786,675,737 shares in the Company by virtue of her being a founder and a beneficiary of certain discretionary trusts for the purpose of Part XV of the SFO. These shares formed part of the shares in the Company in which HSBC Trustee (C.I.) Limited was deemed to be interested by virtue of it being the trustee of certain discretionary trusts and were therefore duplicated between these two substantial shareholders.*

2. *In addition to the deemed interests as stated in Note 1 above, HSBC Trustee (C.I.) Limited was deemed to be interested in 217,707,771 shares in the Company by virtue of it being the trustee of a discretionary trust for the purpose of Part XV of the SFO. Of these shares, 194,002,095 shares represented the same interests held by Thriving Talent Limited (which was a wholly-owned subsidiary of Thriving Talent Holdings Limited) and were therefore duplicated amongst them.*

   The 217,707,771 shares in the Company as disclosed in the above paragraph were the same shares in the Company included in "other interests" of Mr. Kwok Kai-fai, Adam as disclosed in the table under the section headed "Directors' and Chief Executives' Interests" above, and were therefore duplicated between them.

Other Information

3. *Of the respective shares in the Company held by Adolfa, Bertana and Cyric, 93,127,223 shares were held through corporations of which each of Adolfa, Bertana and Cyric was interested in one-third of the entire issued share capital. These 93,127,223 shares represented the same interests and were therefore duplicated amongst these companies. Further, the respective shares held by Adolfa, Bertana and Cyric formed part of the shares in the Company in which each of Madam Kwong Siu-hing and HSBC Trustee (C.I.) Limited was deemed to be interested.*

4. *These shares were the same shares in the Company included in "other interests" of Mr. Kwok Kai-chun, Geoffrey as disclosed in the table under the section headed "Directors' and Chief Executives' Interests" above, and were therefore duplicated between them.*

5. *These shares were the same shares in the Company included in "other interests" of Mr. Kwok Kai-fai, Adam as disclosed in the table under the section headed "Directors' and Chief Executives' Interests" above, and were therefore duplicated between them.*

6. *These shares were the same shares in the Company included in "other interests" of Messrs. Kwok Ping-luen, Raymond, Kwok Kai-wang, Christopher and Kwok Ho-lai, Edward as disclosed in the table under the section headed "Directors' and Chief Executives' Interests" above, and were therefore duplicated amongst them.*

7. *Credit Suisse Trust Limited was deemed to be interested in 216,575,125 shares in the Company by virtue of it being the trustee of a discretionary trust for the purpose of Part XV of the SFO. Of these shares, 189,149,595 shares represented the same interests held by Rosy Result Limited and were therefore duplicated between them.*

   The 216,575,125 shares in the Company as disclosed in the above paragraph were the same shares in the Company included in "other interests" of Messrs. Kwok Ping-luen, Raymond, Kwok Kai-wang, Christopher and Kwok Ho-lai, Edward as disclosed in the table under the section headed "Directors' and Chief Executives' Interests" above, and were therefore duplicated amongst them.

8. *In addition to the deemed interests as stated in Note 7 above, Credit Suisse Trust Limited was deemed to be interested in 10,000 shares in the Company by virtue of it being the trustee of certain trusts for the purpose of Part XV of the SFO.*

9. *Genesis Trust & Corporate Services Ltd. was deemed to be interested in 211,173,896 shares in the Company by virtue of it being the trustee of certain trusts for the purpose of Part XV of the SFO. These shares represented the same interests in which Mr. Kwok Kai-ho, Jonathan was deemed to be interested by virtue of him being a beneficiary of certain trusts for the purpose of Part XV of the SFO and were therefore duplicated between them. Of these shares, 187,357,707 shares represented the same interests held by Asporto Limited and were therefore duplicated amongst them.*

   The 211,173,896 shares in the Company as disclosed in the above paragraph were the same shares in the Company included in "other interests" of Mr. Kwok Kai-chun, Geoffrey as disclosed in the table under the section headed "Directors' and Chief Executives' Interests" above, and were therefore duplicated amongst them.

Save as disclosed above, as at 31 December 2021, there were no other persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or which were notified to the Company.

Other Information

EMOLUMENT POLICY AND LONG-TERM INCENTIVE SCHEMES OF THE GROUP

As at 31 December 2021, the Group employed more than 38,500 employees. The related employees' costs before reimbursements for the six months ended 31 December 2021 amounted to approximately HK$6,508 million. Compensation for the Group is made with reference to the market as well as individual performance and contributions. Extensive use of bonuses to link performance with reward is adopted. The Group also provides a comprehensive benefit package and career development opportunities, including retirement schemes, medical benefits, and both internal and external training appropriate to individual needs. Share option and share award schemes are in place to provide appropriate long-term incentive to the key staff of the Group.

BASIS OF DETERMINING EMOLUMENT TO DIRECTORS

The same remuneration philosophy also applies to the Directors of the Company. Apart from benchmarking against the market, the Company looks at individual competence and contributions and the affordability of the Company in determining the exact level of remuneration for each Director. Appropriate benefits schemes are in place for the Executive Directors, including the share option scheme, which is the same as that offered to other employees of the Group.

INTERIM DIVIDEND

The Board of Directors of the Company (the "Board") has declared an interim dividend of HK$1.25 per share (2020: HK$1.25 per share) for the six months ended 31 December 2021 to the Shareholders whose names appear on the register of members of the Company on Friday, 11 March 2022. The interim dividend will be payable in cash on Thursday, 17 March 2022. Shares of the Company will be traded ex-dividend as from Wednesday, 9 March 2022.

CLOSURE OF REGISTER OF MEMBERS

The record date for ascertaining Shareholders' entitlement to the interim dividend will be Friday, 11 March 2022, during which the register of members of the Company will be closed and no transfer of shares will be registered. In order to establish entitlements to the interim dividend, Shareholders must lodge all transfer documents accompanied by the relevant share certificates for registration with Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 10 March 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2021.

Other Information

REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim results for the six months ended 31 December 2021 are unaudited, but have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants by Messrs. Deloitte Touche Tohmatsu, whose report on review of condensed consolidated financial statements is set out on page 18 of this report. The interim results have also been reviewed by the Audit and Risk Management Committee of the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 31 December 2021, the Company has complied with the code provisions (the "Code Provisions") of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, except that there is no separation of the roles of chairman and chief executive as required under Code Provision A.2.1 (which has been re-numbered as Code Provision C.2.1 under the new Corporate Governance Code that came into effect on 1 January 2022). However, the powers and authorities have not been concentrated as all major decisions have been made in consultation with the Board and appropriate Board committees, as well as top management. In addition, there are two Non-Executive Directors and eight Independent Non-Executive Directors on the Board offering their experience, expertise, independent advice and views from different perspectives. The Board is therefore of the view that there are adequate balance of power and safeguards in place.

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

Hong Kong, 24 February 2022

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