

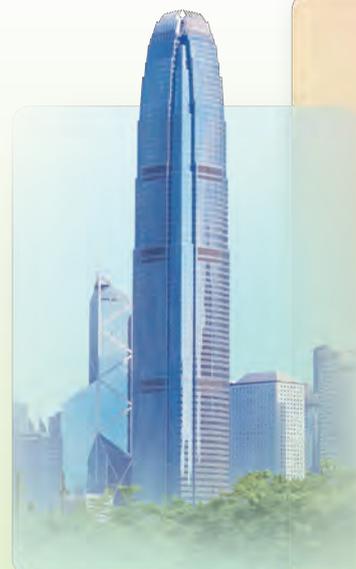
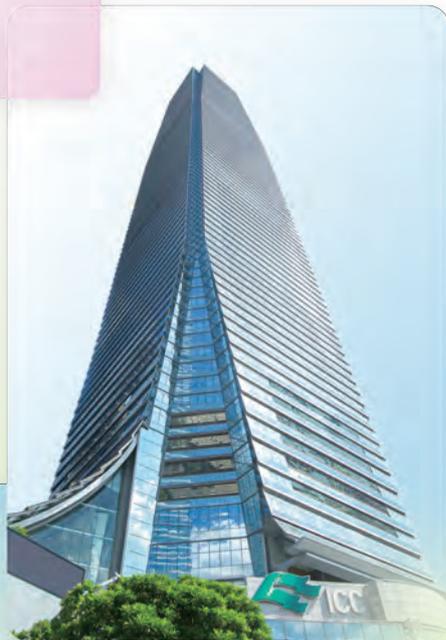


新鴻基地產發展有限公司  
Sun Hung Kai Properties Limited

Customer Focus 以客為先

Premium Brand 品牌卓越

Solid Foundations 實力雄厚



INTERIM REPORT 2020/21 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. Nanjing IFC in Hexi CBD, Nanjing  
南京河西中央商務區南京國金中心
4. Central Peak in Mid-levels East, Hong Kong  
香港東半山Central Peak
5. Shanghai IFC in Lujiazui, Shanghai  
上海陸家嘴上海國金中心
6. St Martin in Tai Po, Hong Kong  
香港大埔雲滙

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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  
Kwong Chun  
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

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## COMMITTEES

**Executive Committee** Kwok Ping-luen, Raymond  
Wong Chik-wing, Mike  
Lui Ting, Victor  
Kwok Kai-fai, Adam  
Kwok Kai-wang, Christopher  
Kwong Chun  
Tung Chi-ho, Eric  
Fung Yuk-lun, Allen  
Chow Kwok-yin, Eric  
Yung Sheung-tat, Sandy  
Li Ching-kam, Frederick  
Fung Sau-yim, Maureen  
Chan Hong-ki, Robert  
Lam Ka-keung, Henry

**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	2020	2019	Change (%)
<b>Financial Highlights</b> (HK\$ million)			
Revenue	46,070	38,711	+19.0
Profit attributable to the Company's shareholders			
— Reported	13,578	15,419	-11.9
— Underlying <sup>(1)</sup>	17,482	13,422	+30.2
Gross rental income <sup>(2)</sup>	12,361	12,713	-2.8
Net rental income <sup>(2)</sup>	9,496	9,669	-1.8
<b>Financial Information per Share</b> (HK\$)			
Basic earnings per share for profit attributable to the Company's shareholders			
— Reported	4.69	5.32	-11.8
— Underlying <sup>(1)</sup>	6.03	4.63	+30.2
Interim dividends	1.25	1.25	—

### Notes:

(1) Underlying profit attributable to the Company's shareholders excluded the net effect of changes 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  
Auditor

### 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  
Clifford Chance

### Principal Bankers

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

## 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 2020, excluding the effect of fair-value changes on investment properties, amounted to HK\$17,482 million, compared to HK\$13,422 million for the corresponding period last year. The increase was mainly due to the fact that the majority of the current financial year's development projects for sale in Hong Kong were completed in the first half of the year. Underlying earnings per share were HK\$6.03, compared to HK\$4.63 for the same period last year.

Reported profit and reported earnings per share attributable to the Company's shareholders were HK\$13,578 million and HK\$4.69 respectively, compared to HK\$15,419 million and HK\$5.32 for the corresponding period last year. The reported profit for the period included a decrease in fair value of investment properties net of deferred taxation and non-controlling interests of HK\$3,833 million, compared to an increase of HK\$2,046 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 2020, the same as the corresponding period last year. The dividend will be payable on 18 March 2021.

## BUSINESS REVIEW

### Development Profit and Rental Income

#### Development Profit

During the period under review, profit generated from property sales reached HK\$12,366 million, as compared to HK\$6,850 million for the corresponding period last year. The substantial increase was mainly due to the fact that the majority of the current financial year's development projects for sale in Hong Kong were completed in the first half of the year. Contracted sales during the period totalled an approximate HK\$14,700 million in attributable terms.

#### Rental Income

Gross rental income, including contributions from joint ventures and associates, dropped 3% year-on-year to HK\$12,361 million, and net rental income decreased 2% year-on-year to HK\$9,496 million during the six-month period under review. The performance was mainly affected by the decrease in rental income of its Hong Kong rental portfolio.

### Property Business – Hong Kong

#### Land Bank

During the period under review, the Group added a residential site in So Kwun Wat, Tuen Mun through the conversion of agricultural land. Covering a gross floor area of about 614,000 square feet, this new site is earmarked for the development of a mass residential project which offers a wide range of flat types. The Group has a 75.2% stake in the development. In addition, the Group acquired an industrial site in Tuen Mun via a private deal during the period, of which the Group owns an effective interest of 69.9%. The Group plans to convert the site into office and retail uses with a gross floor area of about 772,000 square feet.

# Chairman's Statement

As at 31 December 2020, the Group's attributable land bank in Hong Kong amounted to 56.0 million square feet. This included about 22.3 million square feet of properties under development which are sufficient to meet the Group's development needs over the next five years, and around 33.7 million square feet of completed properties of different usages across the city. An overwhelming majority of the completed properties are for rental and long-term investment purposes. The Group will continue to replenish its land bank when appropriate opportunities arise through different channels, including active conversion of its agricultural lands into buildable sites.

## Property Development

The volume of transactions in the Hong Kong primary residential market was affected by social distancing measures which lasted for months, while secondary market transactions and prices remained resilient. Meanwhile, the low interest rate environment and solid end-user demand, particularly for small-to medium-sized units, continued to support the market.

During the period, the Group achieved contracted sales of about HK\$11,300 million in attributable terms in Hong Kong. Major contributors included the third phase of Wetland Seasons Park near Hong Kong Wetland Park and the first phases of Regency Bay in Tuen Mun and Central Peak in Mid-levels East. The Group also continued to dispose of the remaining units in completed developments, including Cullinan West III and Phase 2 of Grand YOHO. The Group will capitalize on its ample saleable resources to drive sales, with a number of new projects to be put on the market in the next couple of months, including a residential development, Prince Central in Ho Man Tin, which will be launched very soon.

Guided by its commitment to providing premium products and services for its customers, the Group has continued to enhance its building quality and offer practical layouts for its developments. A variety of initiatives have also been introduced to meet customers' rising expectations and requirements on hygiene standards and smart technology. Continuous enhancements such as better sewerage designs and a wider use of digital technology will be implemented to provide increased safety, flexibility and convenience for customers. This customer-centric spirit continues to reinforce the Group's premium brand and leading position in the market.

A total of five projects in Hong Kong with an attributable gross floor area of about 1.6 million square feet were ready for handover during the period under review. Of this, about 1.3 million square feet were for residential use and approximately 138,000 square feet of retail space were 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)
Cullinan West III	28 Sham Mong Road, West Kowloon	Residential	JV	670,000
Phase 2 of St Martin Development	12 Fo Chun Road, Pak Shek Kok, Tai Po	Residential	100	374,000
Phase 2 of Mount Regency Development	8 King Sau Lane, Tuen Mun	Residential	100	235,000
W LUXE	5 On Yiu Street, Shek Mun, Sha Tin	Office/Shops	100	174,000
Harbour North	133 Java Road, North Point	Shopping Centre	100	138,000
<b>Total</b>				<b>1,591,000</b>

# Chairman's Statement

In the second half of this financial year, an approximate 893,000 square feet of attributable gross floor area are scheduled for completion, including about 768,000 square feet of residential premises.

## Property Investment

Inclusive of contributions from joint ventures and associates, the Group's gross rental income from Hong Kong during the period under review recorded a decrease of 8% to HK\$9,181 million. Tightened social distancing measures and cross-border travel restrictions continued to weigh on the performance of the Group's rental portfolio and dealt a blow to selected shopping malls and tourism-and leisure-related businesses. Negotiations both on new leases and renewals remained challenging with near-term downward pressure on rents. During the period, the Group's diversified property investment portfolio recorded an overall average occupancy of about 90%.

The Group continued to enhance the quality, competitiveness and value of its property investment portfolio. In addition to proactive asset enhancement work, considerable efforts have been made to provide tenants and customers with a care-free living and working environment amid the COVID-19 pandemic. The Group has raised hygiene standards at its properties via hardware upgrades and innovations. These include enhancements of air ventilation systems and installation of additional contactless facilities. In addition, the Group's experienced leasing teams have responded to fast-changing market dynamics in a proactive way to ensure an optimal trade and tenant mix for its rental portfolio.

On the retail front, the Group has made continuous efforts to leverage its online platforms to better understand customers' needs and preferences. With a membership surpassing one million to date, The Point by SHKP, the loyalty programme under the SHKP Malls App, not only better served shoppers and tenants but also managed to drive footfall and boost sales for tenants in a difficult environment. Apart from upgrading the functions of its digital platforms, the Group has revitalized outdoor space and introduced sports facilities at selected shopping malls to cater for the growing appetite for outdoor activities. The Group will further enhance the hygiene standards of its shopping malls by utilizing 5G and advanced technology, including smart washroom solutions. To support the business of its tenants, the Group has introduced thematic installations and launched spending reward initiatives as well as online and offline campaigns to boost customer sales. To a certain extent, such measures have been able to help mitigate the adverse impacts from tightened social distancing measures, but a full recovery of the retail business will depend on the effective containment of the pandemic, mass vaccination among wider local population and the substantial relaxation of cross-border travel restrictions.

The Group's diversified office portfolio continued to deliver a stable performance during the period. As one of the most prestigious office towers in the city, IFC has maintained tenant loyalty and achieved high occupancy, while ICC continued to attract interest from reputable tenants. Offering a wide range of choices from its office portfolio in terms of floor plates, locations and rental levels, the Group has been able to maintain a competitive position even in a slow market, retaining existing tenants and attracting new customers. In addition, the Group has built a premium brand in the office market and has been widely acclaimed for its building quality and professional management services, cementing long-term relationships with its tenants. All these factors have helped the Group stay at the forefront of the industry amid an uncertain macro-environment.

The Group has demonstrated its vote of confidence in the future of Hong Kong with the development of a number of properties for long-term investment. Complementing the existing Millennium City cluster, the development at 98 How Ming Street in which the Group owns an effective interest of 69.9% will further strengthen the Group's strong foothold in Kowloon East. Comprising about 650,000 square feet of grade-A office space and a 500,000-square-foot shopping mall, the project is scheduled for completion in 2023. Construction work is progressing smoothly and preliminary marketing of its office towers has commenced. The mega commercial complex atop the High Speed Rail

# Chairman's Statement

West Kowloon Terminus will comprise around 2.8 million square feet of grade-A offices and about 349,000 square feet of premium retail space under the existing plan. Riding on its strategic location and comprehensive transportation network to many cities on the mainland, this future landmark will not only create synergy with the Group's ICC and the West Kowloon Cultural District which is under development in the vicinity, but will also play an important part in reinforcing West Kowloon as a vibrant integrated commercial hub for both Hong Kong and the Greater Bay Area.

## Property Business – Mainland

### Land Bank

As at 31 December 2020, the Group held a total attributable land bank of 66.9 million square feet on the mainland. It comprises about 16.3 million square feet of completed properties, of which an overwhelming majority were for rental and long-term investment purposes in prime locations. The remaining 50.6 million square feet were properties under development, about 50% of which will be developed into quality residences for sale. The Group will continue with its selective and focused approach to seeking investment opportunities in key cities on the mainland.

### Property Development

The residential market on the mainland registered robust sales in the second half of 2020 on the back of solid end-user demand and revival of buyer confidence amid effective control of the pandemic. Gradual tightening of housing measures, adhering to the principle that 'housing is for living in, not for speculation', will be conducive to a healthy and stable property market in the long run.

The Group achieved attributable contracted sales of about RMB3,000 million during the period, mainly contributed by the wholly-owned Grand Waterfront in Dongguan and Shanghai Arch in Shanghai, together with several joint-venture projects including Oriental Bund in Foshan and Forest Hills in Guangzhou. With its brand name increasingly recognized and respected by the market, the Group has continued to deliver quality residences and integrated projects in key cities on the mainland.

During the period under review, five projects were ready for handover on the mainland, totalling an attributable gross floor area of about three million square feet. Project details are shown in the table below. The iconic 290-metre-tall Nanjing Two IFC office tower is designated for rental purpose and began to be handed over to tenants during the period. Equipped with advanced technology to ensure a safe and clean work environment, the office tower won high praise for its superior building quality and attentive service.

Project	Location	Usage	Group's Interest (%)	Attributable Gross Floor Area (square feet)
Nanjing Two IFC	Hexi CBD, Nanjing	Office	100	1,495,000
The Woodland Phase 5A	Zhongshan 5 Road, Zhongshan	Residential/Shops	JV	773,000
Chengdu ICC Phase 2B	Jinjiang, Chengdu	Residential	40	397,000
TODTOWN Phase 1	Minhang, Shanghai	Residential	35	214,000
Oriental Bund Phase 3A	Chancheng, Foshan	Residential	50	141,000
<b>Total</b>				<b>3,020,000</b>

In the second half of this financial year, an approximate 709,000 square feet of attributable gross floor area are scheduled for completion, including the exquisitely crafted apartments in Phase 2B of Shanghai Arch in Shanghai.

# Chairman's Statement

## Property Investment

During the period under review, gross rental income derived from the mainland, including contributions from joint ventures and associates rose 15% year-on-year to RMB2,486 million. The increase was mainly driven by the recovery of the mainland economy and solid consumer spending.

With effective pandemic containment and government stimulus measures, consumer confidence has rebounded since the middle of 2020. International travel restrictions have also resulted in a spending boom in luxury goods in major mainland cities. The Group's signature shopping malls, including Shanghai IFC Mall, IAPM, and One ITC in Shanghai as well as Parc Central and IGC, the two joint-venture projects in Guangzhou, are at the forefront to capture a demand surge in luxury-end retail sales. In line with the government's dedicated initiatives to upgrade the environment in the district, Beijing APM completed a greening project in 2020 and is undergoing trade-mix enhancement. These measures will enable the mall to seize opportunities upon economic recovery. In addition to asset enhancement work, the Group continued to offer a superior shopping experience with a comprehensive range of brands through the use of digital technology, ongoing tenant-mix refinement and effective marketing strategies, including attractive loyalty programmes and the addition of pop-up stores. During the period, the Group's retail portfolio registered strong rental income growth. On the office front, the Group's office portfolio in Shanghai continued to perform satisfactorily. The premium office space at Shanghai IFC and Shanghai ICC remained popular addresses for renowned corporations. Offices in the first two phases of ITC in Shanghai were fully let. However, keen competition due to ample new supply may affect leasing performance going forward.

The Group is expanding its rental portfolio at key mainland cities for its medium-to long-term growth prospects. In Shanghai, the bulk of the Group's mega ITC project will see gradual completions by phases over the next few years. Retail space at Two ITC of about 43,000 square feet, featuring specialty restaurants, is scheduled to open in 2021. Construction of the pedestrian footbridge network linking various phases will commence in the next few months and this will significantly enhance connectivity and competitiveness of the entire development. Providing some 1.2 million square feet of grade-A office space, the 220-metre-tall premium office tower is scheduled for completion in mid 2022 and its pre-leasing activities have commenced. Construction of the remaining parts, including a world-standard shopping mall of 2.5 million square feet, another 370-metre office skyscraper of about 2.4 million square feet, and a hotel, is progressing smoothly.

Totalling an approximate gross floor area of 3.4 million square feet, Nanjing IFC in Hexi CBD, Nanjing is one of the Group's latest integrated development showcases. While Nanjing One IFC, with about 500,000 square feet of grade-A office space, has achieved a committed occupancy of about 75%, Nanjing Two IFC, providing about 1.5 million square feet of premium office space, was completed in the second half of 2020. Attributed to their sizeable floor plates and easy accessibility atop the metro station, the two towers have drawn keen interest from leading firms, and leasing activities are progressing smoothly. The remaining components of this project, Nanjing IFC Mall and a luxury hotel, Andaz Nanjing, are still being built. The luxury shopping mall comprising one million square feet is expected to open in 2022. It will house a wide range of luxury brands and a great variety of cuisine, including al fresco dining. Preliminary leasing responses have been encouraging.

Foundation work of the Group's Qingsheng project in Nansha, Guangzhou has commenced and the connectivity of the development will be further enhanced with the upgrade of the regional railway network proposed by the National Development and Reform Commission in 2020. Consisting of two adjacent sites located at the intersection of the Qiantang River and Beijing-Hangzhou Grand Canal, the Jianghehui project in Hangzhou will provide a total above-ground gross floor area of about nine million square feet. This mega joint-venture project will offer high-quality space for business, working and living, forming a landmark and adding a new look to Hangzhou's urban landscape. Construction work of the development has commenced. Upon completion of all medium-to long-term projects, the Group's recurrent income on the mainland is expected to rise substantially from the current levels.

# Chairman's Statement

## Other Businesses

### Hotels

The Group's hotel portfolio in Hong Kong was inevitably affected by the COVID-19 pandemic with its occupancy and revenue per available room having fallen significantly. To mitigate negative impacts from the pandemic, the management team has initiated a series of measures, including launching creative promotional campaigns as well as sales and marketing programmes targeted towards long-staying customers. The operational efficiencies of the hotels were further enhanced, and stricter sanitizing measures have been introduced to help protect hotel guests and employees.

Performance at Ritz-Carlton Shanghai, Pudong saw a modest improvement, although it has been affected by fluctuations of the pandemic. As part of the Nanjing IFC integrated development, the first phase of Andaz Nanjing is scheduled to open in 2022. The development of Four Seasons Hotel Suzhou, complementary to the adjacent Lake Genève on the bank of Jinji Lake, is also proceeding well and is expected to open in two years.

### Telecommunications and Information Technology

#### *SmarTone*

COVID-19 has continued to negatively affect the mobile industry in Hong Kong. The biggest impact comes from the near stoppage of international travel, which impacts both inbound and outbound roaming revenues. To address such challenges, SmarTone undertook a series of initiatives, including new services and solutions such as enterprise solutions and 5G Home broadband to boost revenues, as well as cost optimization measures. All these initiatives have helped minimize the impact of such external factors on SmarTone's profitability. SmarTone's 5G launch has so far been a success, as customer demand for such services has been strong. SmarTone has also used its expertise to support the Group in piloting initiatives to enhance operational efficiency and customer experience, leveraging 5G and AI analytics. These include solutions that enable better security at Route 3 (CPS) as well as various 'Smart Malls' initiatives that improve shopper experience.

The company is investing to ensure its network is the best in Hong Kong in terms of quality and coverage. Its 5G network now covers over 95% of Hong Kong's population and has been extended to a majority of country parks and hiking trails in the territory. SmarTone believes 5G is the essential infrastructure for Hong Kong's drive to become a 'smart city', and for its further integration with the Greater Bay Area. The company is proud to play its part in building Hong Kong's digital infrastructure and helping Hong Kong to be a leading 5G-enabled city by investing in a world-class 5G network for the city. The Group remains confident of SmarTone's prospects and will continue to hold the company as a long-term investment.

#### *SUNeVision*

During the period under review, SUNeVision continued to see strong business growth, driven by demand from both existing and new customers. The pandemic has reinforced the need for data communications for businesses and consumers. Demand for higher quality data centres has also grown with the accelerating usage of 5G. These developments fit well with SUNeVision's strengths. To meet these business needs, SUNeVision has upgraded its existing facilities and has enhanced its power provision at MEGA-i and MEGA Two. The company also has a robust pipeline, and will double its capacity from the current 1.4 million square feet to 2.8 million square feet over the next few years. The first phase of the new Tseung Kwan O data centre is scheduled for completion in 2022. This facility is being built on a dedicated data centre land, and will be a state-of-the-art data centre with superior infrastructure and power capacity. The new Tsuen Wan data centre, another green-field facility, will also be ready for operation in 2022. These two projects will substantially increase SUNeVision's capacity to serve large cloud service providers and data intensive customers. The company is also investing to attain high standards in Environmental, Health and Safety (EHS),

# Chairman's Statement

to provide a safe, healthy and sustainable environment for its customers and staff. The Group has strong confidence in SUNeVision's capabilities and will support its further robust growth.

## Infrastructure and Other Businesses

During the period under review, the Group's infrastructure and transport businesses reported mixed performance amidst the COVID-19 pandemic. Wilson Group's business remained steady despite the pandemic situation, thanks to new projects and cost optimization initiatives. Traffic at Route 3 (CPS) has been impacted by less commuting and social distancing. Business at the Hong Kong Business Aviation Centre has been negatively affected by substantially reduced air travel, but its financial position remained healthy thanks to the implementation of cost mitigating measures. Airport Freight Forwarding Centre performed well. The River Trade Terminal, through a diversification of its customer base, also maintained a steady performance amidst the challenging environment.

YATA delivered strong sales growth, especially with its supermarket business. With its strength in offering high-quality products, YATA caters to increasingly health-conscious customers amid COVID-19. The company also focuses on sourcing unique merchandise from different parts of Japan to meet a growing demand for diversified products. In addition, YATA started to experiment with new formats such as a convenience store at ALVA Hotel by Royal in Sha Tin. YATA's priority is to enhance customers' shopping, home-cooking and eating experience as it continues to grow its footprint and product range.

## Corporate Finance

The Group continues to comply with the principle of prudent financial management, which enables it to maintain sustainable business development amid an uncertain economic environment. Given its low net gearing ratio, healthy interest coverage, balanced debt maturity profile and abundant liquidity, the Group has been able to maintain a strong financial position.

The Group remains one of the best-rated developers in Hong Kong. Moody's and Standard & Poor's have affirmed the Group's A1 and A+ ratings respectively with stable outlooks. To further diversify its debt maturities, the Group issued a total of HK\$780 million 7-year bonds during the period. The Group additionally issued HK\$710 million 7-year bonds and CNH300 million 7-year bonds in January 2021 to capitalize on the active private placement market. The latest measures undertaken by the mainland regulatory bodies to curb systemic risks in the property sector should help promote the healthy development of the real estate industry in the long term. Amid the changes in the regulatory backdrop, the Group has continued to receive strong support from banks in providing Renminbi financing for both the construction and operations of mainland projects.

The Group has not entered into any derivative or structured product transactions for speculative purposes. The Group has limited exposure to foreign exchange risk on debt financing, with the vast majority of its borrowings denominated in Hong Kong dollars and the remaining mostly in US dollars and Renminbi.

## Corporate Governance

The Group is committed to upholding high standards of corporate governance for the sustainable development of its businesses.

The Board, currently consisting of 18 members with eight Independent Non-Executive Directors (INEDs), directs and approves the Group's overall strategies. The Board has delegated specific roles and responsibilities to Board Committees. The Executive Committee is responsible for making key business decisions and overseeing the Group's daily business operations. The Remuneration, the Nomination, and the Audit and Risk Management Committees are all chaired by INEDs, with all members being non-executive directors, in order to ensure good corporate governance.

# Chairman's Statement

Additionally, the Group's crisis management taskforce, set up in the previous financial year, continued to play an important role in managing major issues. Under the leadership of the two Deputy Managing Directors, the taskforce enables the Group to make prompt decisions and take proactive response to challenges. It currently focuses on dealing with business and health-related issues posed by the pandemic.

The Group's dedication to corporate governance and creating long-term value for all stakeholders has been recognized by internationally renowned financial publications over the years. During the period under review, the Group won the top regional award, Asia Pacific's Best Overall Developer, in the Real Estate Survey 2020 by *Euromoney*, and was chosen as the Most Outstanding Company in Hong Kong – Real Estate Sector in the Asia's Outstanding Companies Poll 2020, organized by *Asiamoney*.

## Sustainable Development

Amid continuing challenges posed by the COVID-19 pandemic, the Group worked relentlessly to maintain effective operations and provide quality products and services, minimizing impact on business partners, tenants, customers and staff. To ensure long-term sustainable business growth and value creation for stakeholders, the Group has embarked on further enhancing its environmental, social and governance performance and disclosure practices. Latest efforts include establishing a new 10-year energy reduction target and updating its sustainability-related policies to strengthen operational governance. The Group will also reinforce its commitment to the environment and other key areas with measures that include, among other things, setting performance targets and stepping up communications with major stakeholders to enhance transparency.

In addition to ensuring an environment with peace of mind for residents and tenants, the Group extended all-round support to its employees. Staff were offered timely free COVID tests at headquarters, and more stringent test and quarantine guidelines have been implemented at construction sites to safeguard the health of workers. Comprehensive protective equipment such as face shields and goggles as well as rapid tests were also provided for frontline property management employees to reduce the risk of infection. Continuous training and professional development are essential to ensuring a more agile and responsive workforce that not only responds swiftly to the immediate challenges under the pandemic but also becomes more capable, helping the Group capture new opportunities. During the period, the SHKP Club elevated member engagement to interactive online platforms, maintaining bonding and two-way communication with customers amid the pandemic.

In keeping with its Building Homes with Heart spirit, the Group spread care to the needy through working with different social welfare organizations on anti-pandemic support projects, in which SHKP volunteers distributed essential supplies and anti-pandemic items to underprivileged families and elderly residents while offering emotional support. Meanwhile, the Group continued to promote sports for charity and happy reading among youths through creative online initiatives, encouraging positive living and continuous learning amidst social distancing measures and suspension of classes. The period also saw the Group sponsoring the 2020 Greater Bay Area Youth Cycling League in Guangzhou to promote youth exchanges in the Area.

Reflecting its commitment to green building development and management, the Group was named the Best Innovative Green Development Developer in *Euromoney's* Real Estate Survey 2020, covering Global, Asia Pacific, the Mainland and Hong Kong. In addition to previously attaining the BEAM Plus Existing Buildings V2.0 Platinum Certificate, the Group's ICC set another remarkable environmental standard as the first building in Hong Kong to obtain the highest honour under BREEAM In-Use International, a green building assessment method by the renowned British Research Establishment. Environmentally friendly specifications and measures to reduce energy consumption and carbon emissions have been applied in a substantial majority of the Group's existing shopping malls and office buildings, earning widespread industry recognition. The Group will continue to strive to achieve leading green building standards and certifications for its future development projects.

# Chairman's Statement

## PROSPECTS

Global business confidence is likely to gradually improve following the increasing uptake of COVID-19 vaccinations in most developed countries. This, together with ongoing fiscal stimuli and accommodative monetary policies introduced by various governments, is expected to help revive the world economy going forward. Despite the rising optimism, existing challenges and uncertainties, including the volatile Sino-US relations and geopolitical landscape, may slow the anticipated global economic recovery.

The mainland economy is expected to remain a bright spot in growth prospects thanks to the Central Government's effective containment of the pandemic which led to the subsequent recovery of economic activities. With its dual circulation development mode emphasizing both domestic and international demand, the mainland economy will continue to grow at a relatively fast pace. Accelerating technological advancement will also facilitate its economic expansion. Coupled with further economic reforms and opening-up of the market, the mainland property market is expected to progress at a steady and healthy pace against a solid backdrop.

However, various domestic and external challenges will continue to weigh on the economy of Hong Kong in the short term. The operating environment for selected industries such as tourism-related sectors remains tough, while tight border controls with the mainland amid COVID-19 infections in the territory present a key obstacle for near-term economic recovery. Nonetheless, Hong Kong is well positioned under the principle of 'One Country, Two Systems' to take advantage of the continuous growth of the Greater Bay Area and the anticipated recovery in global economic prospects. Coupled with the city's time-tested economic resilience, hard-working ethic, cultural diversity and world-standard business practices, Hong Kong will remain a premier financial, trade and business hub for both the mainland and the world, and sees a promising future in the long run. The anticipated recovery will also provide a positive landscape for the long-term development of Hong Kong's property market.

As always, with its unwavering confidence in the future, the Group is committed to investing in Hong Kong and the mainland. Over the next two to three years, the extension of YOHO Mall in Yuen Long and an office-cum-retail project in Kowloon East will be completed in Hong Kong. On the mainland, the Group will continue to gradually expand its strong foothold in prime locations in key cities. Rental contributions from the two office buildings at Nanjing IFC are expected to pick up over time. The Group's completed properties for investment will be further expanded from currently about 15 million square feet to over 25 million square feet in the next four years, significantly strengthening the recurrent income base from the mainland. These include Nanjing IFC Mall and the hotel Andaz Nanjing, which are scheduled for opening from 2022, as well as the office towers of the remaining phase at ITC in Shanghai, which are planned for completion in 2024. Over the medium to long term, the Group's portfolio for property investment will be further expanded with the development of the landmark integrated project atop the High Speed Rail Terminus in Hong Kong as well as the Jianghehui joint-venture project in Hangzhou. These will support the Group's long-term rental income growth both in Hong Kong and on the mainland.

Over the short term, lease renewals remain challenging for the Group's rental portfolio in Hong Kong and rents continue to see downward pressure. Shopping mall business will continue to be affected until the travel restrictions with the mainland are removed. Hotel business is likely to remain tough as long as cross-border global travel is restricted. Against this scenario, the Group believes that a customer-centric strategy is the best way to embrace market changes and challenges. The management and its team will stay agile to respond to changing customer needs. Apart

# Chairman's Statement

from offering peace of mind for customers and the community by raising hygiene standards in its premises, including increasing natural air ventilation, the Group will keep up its efforts to enhance the competitiveness of its portfolio of completed properties for investment. Wider application of smart technology such as 5G and Internet of Things (IoT) to strengthen digital platforms, including the SHKP Malls App, combined with greater collaboration with tenants and other business units of the Group, will help deliver better service to customers and tenants.

Solid end-user demand, an extremely low interest rate environment and a buoyant equity market will underpin the residential market in Hong Kong, despite the likelihood of the fluctuating local COVID-19 situation in the coming months. Over the next 10 months, the Group plans to launch a number of projects for sale in Hong Kong, though their sale schedules and performance may be uncertain and contingent upon the epidemic situation. These projects will include Prince Central in Ho Man Tin, the second phases of Victoria Harbour in North Point and Regency Bay in Tuen Mun, as well as the first phases of residential projects, including St Michel in Sha Tin, Yuen Long Station Development and a large-scale project near Hong Kong Wetland Park. An industrial building in Tsuen Wan will also be scheduled for sale. On the mainland, the Group will put several projects on the market, including a new phase of the wholly-owned Grand Waterfront in Dongguan, and new batches of joint-venture projects such as Oriental Bund in Foshan and The Woodland in Zhongshan.

Established for over half a century, the Group has weathered many crises and cycles together with Hong Kong and is adept at turning challenges into opportunities. The Group remains confident in the long-term economic prospects of Hong Kong and the mainland and will continue to acquire land for development when good opportunities arise. With its trusted brand and strong fundamentals, including a forward-looking, experienced management team and a solid financial position, the Group believes it will overcome this unprecedented challenge and become a stronger, increasingly resilient and competitive company, creating long-term value for all stakeholders.

## 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 throughout this challenging period. I would also like to thank my fellow directors for their guidance and all our shareholders and customers for their continued support.

**Kwok Ping-luen, Raymond**  
*Chairman & Managing Director*

Hong Kong, 25 February 2021

# 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 15 to 39, which comprise the consolidated statement of financial position as at 31 December 2020 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

25 February 2021

# Consolidated Income Statement

For the six months ended 31 December 2020  
(Expressed in millions of Hong Kong dollars)

		<b>(Unaudited)</b>	
		<b>Six months ended</b>	
		<b>31 December</b>	
	Notes	2020	2019
<b>Revenue</b>	2	<b>46,070</b>	38,711
Cost of sales		<b>(21,569)</b>	(19,106)
Gross profit		<b>24,501</b>	19,605
Other net income		<b>627</b>	351
Selling and marketing expenses		<b>(2,829)</b>	(2,358)
Administrative expenses		<b>(1,276)</b>	(1,446)
<b>Operating profit</b>		<b>21,023</b>	16,152
Change in fair value of investment properties		<b>(3,240)</b>	2,500
Finance costs		<b>(1,172)</b>	(1,302)
Finance income		<b>155</b>	214
Net finance costs	4	<b>(1,017)</b>	(1,088)
Share of results of:			
Associates		<b>674</b>	188
Joint ventures		<b>675</b>	1,574
		<b>1,349</b>	1,762
<b>Profit before taxation</b>	5	<b>18,115</b>	19,326
Taxation	6	<b>(4,140)</b>	(3,388)
<b>Profit for the period</b>		<b>13,975</b>	15,938
<b>Profit for the period attributable to:</b>			
Company's shareholders		<b>13,578</b>	15,419
Perpetual capital securities holders		<b>66</b>	85
Non-controlling interests		<b>331</b>	434
		<b>13,975</b>	15,938
(Expressed in Hong Kong dollars)			
<b>Earnings per share based on profit attributable to the Company's shareholders (reported earnings per share)</b>	7(a)		
Basic		<b>\$4.69</b>	\$5.32
Diluted		<b>\$4.69</b>	\$5.32
<b>Earnings per share excluding the effects of change in fair value of investment properties net of deferred tax (underlying earnings per share)</b>	7(b)		
Basic		<b>\$6.03</b>	\$4.63
Diluted		<b>\$6.03</b>	\$4.63

# Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2020  
(Expressed in millions of Hong Kong dollars)

	(Unaudited) Six months ended 31 December	
	2020	2019
<b>Profit for the period</b>	<b>13,975</b>	15,938
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Translation difference on foreign operations	<b>6,883</b>	(1,336)
Cash flow hedge		
– fair value (losses)/gains recognized directly in reserves during the period	<b>(231)</b>	85
– fair value gains transferred to consolidated income statement	<b>(9)</b>	(16)
	<b>(240)</b>	69
Debt securities at fair value through other comprehensive income		
– fair value gains recognized directly in reserves during the period	<b>3</b>	–
Share of other comprehensive income/(loss) of associates and joint ventures	<b>2,070</b>	(197)
<b>Items that will not be reclassified to profit or loss:</b>		
Equity securities at fair value through other comprehensive income		
– fair value losses recognized directly in reserves during the period	<b>(66)</b>	(83)
Share of other comprehensive income of an associate	<b>145</b>	144
<b>Other comprehensive income/(loss) for the period</b>	<b>8,795</b>	(1,403)
<b>Total comprehensive income for the period</b>	<b>22,770</b>	14,535
<b>Total comprehensive income for the period attributable to:</b>		
Company's shareholders	<b>22,177</b>	14,056
Perpetual capital securities holders	<b>66</b>	85
Non-controlling interests	<b>527</b>	394
	<b>22,770</b>	14,535

# Consolidated Statement of Financial Position

As at 31 December 2020  
(Expressed in millions of Hong Kong dollars)

	Notes	(Unaudited) 31 December 2020	(Audited) 30 June 2020
<b>Non-current assets</b>			
Investment properties	9	388,315	380,717
Property, plant and equipment	10	42,221	40,825
Associates		7,032	6,306
Joint ventures		94,084	72,476
Financial investments	11	3,065	2,603
Intangible assets		4,003	4,288
Other non-current assets	12	6,329	6,954
		<b>545,049</b>	514,169
<b>Current assets</b>			
Properties for sale		193,182	196,153
Inventories		422	367
Trade and other receivables	13	16,156	17,029
Financial investments	11	1,178	824
Bank deposits and cash		23,502	31,705
Assets of subsidiaries contracted for sale	14	–	37,584
		<b>234,440</b>	283,662
<b>Current liabilities</b>			
Bank and other borrowings		(18,748)	(26,375)
Trade and other payables	15	(30,049)	(36,851)
Deposits received on sales of properties		(14,208)	(21,462)
Current tax payable		(13,080)	(12,654)
		<b>(76,085)</b>	(97,342)
<b>Net current assets</b>			
		<b>158,355</b>	186,320
<b>Total assets less current liabilities</b>			
		<b>703,404</b>	700,489
<b>Non-current liabilities</b>			
Bank and other borrowings		(88,709)	(86,231)
Deferred tax liabilities		(24,484)	(22,638)
Other non-current liabilities		(1,290)	(1,205)
		<b>(114,483)</b>	(110,074)
<b>NET ASSETS</b>			
		<b>588,921</b>	590,415
<b>CAPITAL AND RESERVES</b>			
Share capital	16	70,703	70,703
Reserves		512,583	501,110
<b>Shareholders' equity</b>			
<b>Perpetual capital securities</b>	17	–	3,813
<b>Non-controlling interests</b>		5,635	14,789
<b>TOTAL EQUITY</b>			
		<b>588,921</b>	590,415

Directors:

**Kwok Ping-luen, Raymond**  
**Lui Ting, Victor**

# Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2020  
(Expressed in millions of Hong Kong dollars)

	(Unaudited) Six months ended 31 December	
	2020	2019
<b>Operating activities</b>		
Operating cash inflow	23,082	17,746
Changes in working capital	(2,965)	7,609
Cash generated from operations	20,117	25,355
Interest paid	(1,503)	(1,575)
Bank interest received	173	211
Interest received from investments	38	89
Dividends received from equity securities	57	73
Dividends received from associates and joint ventures	898	1,169
Hong Kong profits tax paid	(3,259)	(256)
Outside Hong Kong tax paid	(561)	(449)
<b>Net cash from operating activities</b>	<b>15,960</b>	<b>24,617</b>
<b>Net cash used in investing activities</b>		
– investment in joint ventures	(751)	(3,383)
– additions to investment properties	(2,438)	(44,254)
– net cash inflow on disposal of assets of subsidiaries	1,781	–
– others	(1,917)	(2,892)
	<b>(3,325)</b>	<b>(50,529)</b>
<b>Net cash (used in)/from financing activities</b>		
– net (repayment)/drawdown of bank and other borrowings	(6,748)	28,816
– decrease in bank deposits maturing after more than three months	186	121
– principal elements of lease payments	(503)	(543)
– proceeds from issue of shares	–	18
– payment for repurchase of shares by a subsidiary	(42)	(22)
– redemption of perpetual capital securities	(3,795)	–
– distributions paid to perpetual capital securities holders	(84)	(85)
– advances from a related company	–	9,394
– dividends paid to shareholders	(10,722)	(10,722)
– dividends paid to non-controlling interests	(252)	(464)
– others	186	22
	<b>(21,774)</b>	<b>26,535</b>
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(9,139)</b>	<b>623</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>31,150</b>	<b>21,430</b>
<b>Effect of foreign exchange rates changes</b>	<b>1,153</b>	<b>(171)</b>
<b>Cash and cash equivalents at end of period</b>	<b>23,164</b>	<b>21,882</b>
<b>Analysis of the balances of cash and cash equivalents at end of period</b>		
Bank deposits and cash	23,502	22,383
Bank overdrafts	(91)	(208)
	<b>23,411</b>	<b>22,175</b>
Less: Bank deposits maturing after more than three months	(242)	(288)
Pledged bank deposits	(5)	(5)
	<b>23,164</b>	<b>21,882</b>

# Consolidated Statement of Changes in Equity

For the six months ended 31 December 2020  
(Expressed in millions of Hong Kong dollars)

	Unaudited								
	Attributable to Company's shareholders						Perpetual capital securities	Non-controlling interests	Total
	Share capital	Capital reserves	Investment revaluation reserve	Exchange reserve	Retained profits	Total			
At 1 July 2019	70,683	591	1,488	(2,206)	495,849	566,405	3,813	5,601	575,819
Profit for the period	-	-	-	-	15,419	15,419	85	434	15,938
Other comprehensive income/(loss) for the period	-	69	(83)	(1,495)	146	(1,363)	-	(40)	(1,403)
Total comprehensive income/(loss) for the period	-	69	(83)	(1,495)	15,565	14,056	85	394	14,535
Transfer to retained profits upon disposal of equity securities	-	-	(5)	-	5	-	-	-	-
Shares issued on exercise of share options	20	(2)	-	-	-	18	-	-	18
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	13	13
Vesting of share award in a subsidiary	-	-	-	-	3	3	-	(3)	-
Dividend paid (2019 final dividend HK\$3.70 per share)	-	-	-	-	(10,722)	(10,722)	-	-	(10,722)
Adjustments relating to changes in interests in subsidiaries	-	(3)	-	-	-	(3)	-	(14)	(17)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(470)	(470)
Distributions paid to perpetual capital securities holders	-	-	-	-	-	-	(85)	-	(85)
At 31 December 2019	70,703	655	1,400	(3,701)	500,700	569,757	3,813	5,521	579,091
At 1 July 2020	<b>70,703</b>	<b>810</b>	<b>1,157</b>	<b>(6,049)</b>	<b>505,192</b>	<b>571,813</b>	<b>3,813</b>	<b>14,789</b>	<b>590,415</b>
Profit for the period	-	-	-	-	13,578	13,578	66	331	13,975
Other comprehensive income/(loss) for the period	-	(240)	(65)	8,759	145	8,599	-	196	8,795
Total comprehensive income/(loss) for the period	-	(240)	(65)	8,759	13,723	22,177	66	527	22,770
Transfer to retained profits upon disposal of equity securities	-	-	(13)	-	13	-	-	-	-
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	13	13
Lapse of share award/options of a subsidiary	-	-	-	-	10	10	-	(10)	-
Transfer to capital reserves arising from 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	<b>70,703</b>	<b>582</b>	<b>1,079</b>	<b>2,710</b>	<b>508,212</b>	<b>583,286</b>	<b>-</b>	<b>5,635</b>	<b>588,921</b>

# Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 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 2020 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 2020 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 2020. 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.

# Notes to the Condensed Consolidated Financial Statements

(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 2020

	The Company and its subsidiaries		Associates and joint ventures		Combined revenue	Consolidated results
	Revenue	Results	Share of revenue	Share of results		
Property sales						
Hong Kong	23,374	10,449	59	35	23,433	10,484
Mainland China	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 China	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 China		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

# Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 2. SEGMENT INFORMATION (cont'd)

For the six months ended 31 December 2019

	The Company and its subsidiaries		Associates and joint ventures		Combined revenue	Consolidated results
	Revenue	Results	Share of revenue	Share of results		
Property sales						
Hong Kong	14,656	6,318	22	17	14,678	6,335
Mainland China	902	235	628	280	1,530	515
	15,558	6,553	650	297	16,208	6,850
Property rental						
Hong Kong	8,350	6,225	1,591	1,314	9,941	7,539
Mainland China	2,071	1,632	342	226	2,413	1,858
Singapore	–	–	359	272	359	272
	10,421	7,857	2,292	1,812	12,713	9,669
Hotel operations	1,826	135	353	62	2,179	197
Telecommunications	4,257	359	–	–	4,257	359
Transport infrastructure and logistics	2,160	680	1,899	186	4,059	866
Data centre operations	819	394	–	–	819	394
Other businesses	3,670	632	339	28	4,009	660
Segment total	38,711	16,610	5,533	2,385	44,244	18,995
Other net income		351		–		351
Unallocated administrative expenses		(809)		–		(809)
Operating profit		16,152		2,385		18,537
Change in fair value of investment properties						
Hong Kong		729		17		746
Mainland China		1,771		87		1,858
Singapore		–		73		73
		2,500		177		2,677
Net finance costs		(1,088)		(220)		(1,308)
Profit before taxation		17,564		2,342		19,906
Taxation						
– Group		(3,388)		–		(3,388)
– Associates		–		(22)		(22)
– Joint ventures		–		(558)		(558)
Profit for the period		14,176		1,762		15,938

# Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 2. SEGMENT INFORMATION (cont'd)

Results from property sales include selling and marketing expenses of HK\$458 million (2019: HK\$555 million) and HK\$52 million (2019: HK\$89 million) that relate to pre-sale of property projects under construction in Hong Kong and Mainland China, respectively.

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

## 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 2020

	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	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
	<b>28,125</b>	<b>8,276</b>	<b>36,401</b>	<b>9,669</b>	<b>46,070</b>
(ii) Geographical markets					
Hong Kong	26,391	8,125	34,516	7,218	41,734
Mainland China	1,695	114	1,809	2,451	4,260
Others	39	37	76	–	76
	<b>28,125</b>	<b>8,276</b>	<b>36,401</b>	<b>9,669</b>	<b>46,070</b>

# Notes to the Condensed Consolidated Financial Statements

(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 2019

	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	15,558	–	15,558	–	15,558
Property rental	–	1,064	1,064	9,357	10,421
Hotel operations	913	913	1,826	–	1,826
Telecommunications	1,845	2,412	4,257	–	4,257
Transport infrastructure and logistics	37	1,963	2,000	160	2,160
Data centre operations	–	819	819	–	819
Property management	123	2,042	2,165	–	2,165
Department store operations	1,146	–	1,146	–	1,146
Financial services and others	–	17	17	342	359
	19,622	9,230	28,852	9,859	38,711
(ii) Geographical markets					
Hong Kong	18,488	9,028	27,516	7,793	35,309
Mainland China	1,038	151	1,189	2,066	3,255
Others	96	51	147	–	147
	19,622	9,230	28,852	9,859	38,711

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

# Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

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

### (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 2020, the Group recognized revenue of HK\$15,423 million (2019: HK\$5,103 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 2020, the aggregate amount of transaction price allocated to the remaining performance obligations under the Group's existing contracts of sales of properties was HK\$34,563 million (30 June 2020: HK\$46,405 million). This represents the aggregate amount of revenue expected to be recognized by the Group in the future, of which approximately 80% (30 June 2020: 73%) 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.

## 4. NET FINANCE COSTS

	Six months ended 31 December	
	2020	2019
Interest expenses	1,500	1,643
Notional non-cash interest accretion	9	7
Finance costs on lease liabilities	22	27
Less: Amount capitalized	(359)	(375)
	1,172	1,302
Interest income on bank deposits	(155)	(214)
	1,017	1,088

# Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 5. PROFIT BEFORE TAXATION

	Six months ended 31 December	
	2020	2019
Profit before taxation is arrived at after charging:		
Cost of properties sold	<b>11,674</b>	7,515
Cost of other inventories sold	<b>1,822</b>	2,470
Depreciation of property, plant and equipment	<b>1,459</b>	1,394
Amortization of		
Intangible assets (included in cost of sales)	<b>287</b>	273
Contract acquisition costs	<b>1,119</b>	427
Impairment of intangible assets	<b>1</b>	1
Lease expenses		
Short-term leases	<b>227</b>	232
Low-value assets leases	–	1
Variable lease payments	<b>78</b>	122
Staff costs (including directors' emoluments and retirement schemes contributions)	<b>3,905</b>	4,351
Share-based payments	<b>13</b>	13
Loss on disposal of financial assets at fair value through profit or loss	–	2
and crediting:		
Dividend income from equity securities	<b>57</b>	73
Interest income from financial investments	<b>39</b>	42
Profit on disposal of financial assets at fair value through profit or loss	<b>43</b>	–
Fair value gains on financial assets at fair value through profit or loss	<b>203</b>	14

# Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 6. TAXATION

	Six months ended	
	31 December	
	2020	2019
Current tax expenses		
Hong Kong profits tax	2,714	2,117
(Over)/under provision in prior years	(18)	4
	2,696	2,121
Tax outside Hong Kong	1,168	476
Over provision in prior years	–	(1)
	1,168	475
Total current tax	3,864	2,596
Deferred tax expenses		
Change in fair value of investment properties	(29)	549
Other origination and reversal of temporary differences	305	243
Total deferred tax	276	792
Total income tax expenses	4,140	3,388

Hong Kong profits tax is provided at the rate of 16.5% (2019: 16.5%) based on the estimated assessable profits for the period. Tax outside Hong Kong, which includes withholding tax on income distribution, is calculated at the rates applicable in the relevant jurisdictions.

# Notes to the Condensed Consolidated Financial Statements

(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\$13,578 million (2019: HK\$15,419 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 (2019: 2,897,776,051) shares. No diluted earnings per share for the six months ended 31 December 2020 is presented as there are no potential ordinary shares. The diluted earnings per share for the six month ended 31 December 2019 is based on 2,897,776,911 shares which is the weighted average number of shares in issue during the period plus the weighted average number of 860 shares deemed to be issued at no consideration if all outstanding options had been exercised.

### (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\$17,482 million (2019: HK\$13,422 million), excluding the net effect of changes in the valuation of investment properties. A reconciliation of profit is as follows:

	Six months ended	
	31 December	
	2020	2019
Profit attributable to the Company's shareholders as shown in the consolidated income statement	<b>13,578</b>	15,419
Decrease/(increase) in fair value of investment properties		
Subsidiaries	<b>3,240</b>	(2,500)
Associates	<b>(405)</b>	(28)
Joint ventures	<b>1,024</b>	(149)
Effect of corresponding deferred tax expenses		
Subsidiaries	<b>(29)</b>	549
Joint ventures	<b>15</b>	46
Non-controlling interests	<b>(12)</b>	36
Unrealized fair value losses/(gains) of investment properties net of deferred tax	<b>3,833</b>	(2,046)
Fair value gains realized on disposal of investment properties net of deferred tax	<b>71</b>	49
Net effect of changes in fair value of investment properties	<b>3,904</b>	(1,997)
Underlying profit attributable to the Company's shareholders	<b>17,482</b>	13,422

# Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 8. DIVIDENDS

- (a) Dividends payable to equity shareholders of the Company attributable to the interim period

	Six months ended 31 December	
	2020	2019
Interim dividend declared after the interim period of HK\$1.25 (2019: HK\$1.25) per share	<b>3,622</b>	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) Dividends 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	
	2020	2019
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK\$3.70 (2019: HK\$3.70) per share	<b>10,722</b>	10,722

## 9. INVESTMENT PROPERTIES

- (a) Movement during the period

	Completed	Under development	Total
Valuation			
At 1 July 2020	<b>322,434</b>	<b>58,283</b>	<b>380,717</b>
Additions	<b>556</b>	<b>2,140</b>	<b>2,696</b>
Transfer upon completion	<b>2,799</b>	<b>(2,799)</b>	–
Disposals	<b>(71)</b>	–	<b>(71)</b>
Transfer to property, plant and equipment	<b>(257)</b>	–	<b>(257)</b>
Exchange difference	<b>5,549</b>	<b>2,921</b>	<b>8,470</b>
(Decrease)/increase in fair value	<b>(3,611)</b>	<b>371</b>	<b>(3,240)</b>
At 31 December 2020	<b>327,399</b>	<b>60,916</b>	<b>388,315</b>

# Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 9. INVESTMENT PROPERTIES (cont'd)

- (b) The Group's investment properties were revalued at their fair values at 31 December 2020 and 30 June 2020 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.

	Fair value		Weighted average capitalization rate	
	31 December 2020	30 June 2020	31 December 2020	30 June 2020
<b>Completed</b>				
Hong Kong	258,813	259,103	5.1%	5.1%
Mainland China	68,586	63,331	6.6%	6.6%
	<b>327,399</b>	<b>322,434</b>		

	Fair value (residual method)		Capitalization rate	
	31 December 2020	30 June 2020	31 December 2020	30 June 2020
<b>Under development</b>				
Hong Kong	23,325	25,319	3.0%-5.5%	3.0%-5.5%
Mainland China	37,591	32,964	5.0%-8.8%	5.0%-8.8%
	<b>60,916</b>	<b>58,283</b>		

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2020, additions to property, plant and equipment amounted to HK\$2,288 million, of which HK\$553 million are additions to right-of-use assets. Net book value of property, plant and equipment disposed of during the period amounted to HK\$6 million.

# Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 11. FINANCIAL INVESTMENTS

31 December 2020				
	Measured at FVTPL	Measured at FVOCI	Measured at amortized cost	Total
<b>Non-current assets</b>				
Debt securities	161	170	906	1,237
Equity securities	389	1,439	–	1,828
	<b>550</b>	<b>1,609</b>	<b>906</b>	<b>3,065</b>
<b>Current assets</b>				
Debt securities	–	304	63	367
Equity securities	811	–	–	811
	<b>811</b>	<b>304</b>	<b>63</b>	<b>1,178</b>
30 June 2020				
	Measured at FVTPL	Measured at FVOCI	Measured at amortized cost	Total
<b>Non-current assets</b>				
Debt securities	159	141	470	770
Equity securities	308	1,525	–	1,833
	<b>467</b>	<b>1,666</b>	<b>470</b>	<b>2,603</b>
<b>Current assets</b>				
Debt securities	–	59	155	214
Equity securities	610	–	–	610
	<b>610</b>	<b>59</b>	<b>155</b>	<b>824</b>

# Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 12. OTHER NON-CURRENT ASSETS

	<b>31 December</b>	30 June
	<b>2020</b>	2020
Mortgage loan receivables	<b>6,774</b>	7,375
Other loan receivables	<b>884</b>	705
Less: Amount due within one year included under trade and other receivables	<b>(1,472)</b>	(1,491)
	<b>6,186</b>	6,589
Derivative financial instruments	<b>143</b>	365
	<b>6,329</b>	6,954

Mortgage loan receivables are secured by first or second mortgages on properties, repayable by monthly instalments with 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\$4,521 million (30 June 2020: HK\$4,959 million).

## 13. TRADE AND OTHER RECEIVABLES

	<b>31 December</b>	30 June
	<b>2020</b>	2020
Trade receivables	<b>3,105</b>	3,343
Other account receivables, deposits and prepayments	<b>10,450</b>	11,551
Deposits for acquisition of properties	<b>681</b>	143
Contract assets	<b>446</b>	489
Short-term loans	<b>1,472</b>	1,491
Derivative financial instruments	<b>2</b>	12
	<b>16,156</b>	17,029

(a) At 31 December 2020, 56% of trade receivables are aged less than 30 days, 17% between 31 to 60 days, 4% between 61 to 90 days and 23% more than 90 days (30 June 2020: 65%, 14%, 5% and 16% respectively).

(b) The balance includes contract acquisition costs of HK\$372 million (30 June 2020: HK\$822 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.

# Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 14. ASSETS OF SUBSIDIARIES CONTRACTED FOR SALE

	<b>31 December 2020</b>	30 June 2020
Investment property under development	–	37,584

Assets of subsidiaries contracted for sale at 30 June 2020 relate to the office portion of the proposed investment property development on the site located atop the High Speed Rail West Kowloon Terminus held by the Company's 75% owned subsidiary Vivid Synergy Limited and was stated at fair value determined by an independent valuer. In April 2020, the Group contracted with a third party to sell a 25% interest in Vivid Synergy Limited for a consideration of HK\$9,394 million. The sale was completed in July 2020. Accordingly, Vivid Synergy Limited ceased to be a subsidiary of the Company and the Company's remaining 50% equity interest is accounted for as interest in joint venture in the consolidated financial statements.

## 15. TRADE AND OTHER PAYABLES

	<b>31 December 2020</b>	30 June 2020
Trade payables	<b>2,863</b>	2,809
Other payables and accrued expenses	<b>24,312</b>	23,433
Contract liabilities	<b>613</b>	585
Amounts due to non-controlling interests	<b>1,354</b>	1,355
Lease liabilities	<b>796</b>	856
Deposits received for disposal of subsidiaries	–	7,613
Derivative financial instruments	<b>111</b>	200
	<b>30,049</b>	36,851

At 31 December 2020, 64% of trade payables are aged less than 30 days, 10% between 31 to 60 days, 2% between 61 to 90 days, and 24% more than 90 days (30 June 2020: 58%, 10%, 5% and 27% respectively).

## 16. SHARE CAPITAL

	<b>Number of shares in million</b>	<b>Amount</b>
<b>Issued and fully paid:</b>		
Ordinary shares		
At 30 June 2020 and 31 December 2020	<b>2,898</b>	<b>70,703</b>

# Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 17. PERPETUAL CAPITAL SECURITIES

These securities were issued in 2017 with no fixed maturity and are redeemable at the Group's option on or after 23 May 2020. Distributions are payable semi-annually in arrears at a fixed rate of 4.45 per cent per annum, which may be deferred at the Group's discretion. Therefore, perpetual capital securities are classified as equity instruments and distributions are treated as dividends.

During the period, the Group exercised its option and redeemed on 23 November 2020 all of the outstanding perpetual capital securities at their outstanding principal amount of US\$487.5 million. There are no further securities in issue upon completion of the redemption.

## 18. 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 share option scheme adopted by the Company was stated in the paragraphs under the heading "Share Option Schemes" in the other information sections of this interim report.

### The Scheme

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

There were no outstanding share options granted under the Scheme during the six months ended 31 December 2020. Movements in share options to subscribe for ordinary shares in the Company during the six months ended 31 December 2019 are as follows:

Date of grant	Exercise price	Exercisable period	Number of share options				At 31 December 2019
			At 1 July 2019	Granted during the period	Exercised during the period	Lapsed/cancelled during the period	
11 July 2014	HK\$106.80	11.7.2015 to 10.7.2019	164,500	–	(164,500)	–	–
Weighted average exercise prices (HK\$)			106.80	–	106.80	–	–

Share options exercised for the six months ended 31 December 2019 resulted in 164,500 shares being issued. The related weighted average share price at the time of exercise was HK\$134.74 per share.

# Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 19. RELATED PARTY TRANSACTIONS

### (a) 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		Joint ventures	
	Six months ended 31 December		Six months ended 31 December	
	2020	2019	2020	2019
Acquisition of property interest <sup>(i)</sup>	751	–	–	–
Interest income	–	–	49	42
Rental income	–	–	1	1
Cash rental paid	–	–	31	29
Other revenue from services rendered	213	24	15	23
Purchase of goods and services	–	–	239	169

- (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.

### (b) Transactions with other related party

On 16 December 2019, the Group completed the related party transaction with Somerpath International Limited ("Somerpath") to sell a 25% interest in Vivid Synergy Limited (a subsidiary of the Company, which together with its wholly-owned subsidiaries owns the office portion of the proposed investment property development on the site located atop the High Speed Rail West Kowloon Terminus) for an aggregate consideration of HK\$940 million. Somerpath is owned by the Kwok Family companies which are controlled by certain discretionary trusts where certain directors of the Company are the beneficiaries of those trusts.

In December 2019, Somerpath advanced a loan of HK\$8,455 million in proportion to its shareholding to fund the balance payment of the land premium attributable to the office portion of the site. On 3 June 2020, the entire shareholder loan of HK\$9,394 million from Somerpath was converted into equity of Vivid Synergy Limited by way of loan capitalization.

# Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 20. 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:

	<b>31 December 2020</b>	30 June 2020
(a) Capital commitments in respect of investment properties and property, plant and equipment		
Contracted but not provided for	<b>8,706</b>	6,785
Authorized but not contracted for	<b>3,745</b>	3,988
(b) The Group's share of capital commitments of joint ventures		
Contracted but not provided for	<b>856</b>	805
(c) Guarantees given to banks and financial institutions for the borrowings of joint ventures of HK\$2,357 million (30 June 2020: HK\$2,433 million) and other guarantees of HK\$4 million (30 June 2020: HK\$4 million).		

## 21. 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.

# Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 21. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

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

As at 31 December 2020

	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Financial assets at FVTPL				
Debt securities	161	–	–	161
Equity securities	873	–	327	1,200
Financial assets at FVOCI				
Debt securities	474	–	–	474
Equity securities	1,126	10	303	1,439
Derivative financial instruments				
Interest rate swaps	–	41	–	41
Cross currency interest rate swaps	–	104	–	104
	<b>2,634</b>	<b>155</b>	<b>630</b>	<b>3,419</b>
<b>Financial liabilities</b>				
Bonds and notes subject to fair value hedges	–	3,129	–	3,129
Derivative financial instruments				
Cross currency interest rate swaps	–	124	–	124
Forward foreign exchange contracts	–	4	–	4
	–	<b>3,257</b>	–	<b>3,257</b>

# Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 21. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

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

As at 30 June 2020

	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Financial assets at FVTPL				
Debt securities	159	–	–	159
Equity securities	669	–	249	918
Financial assets at FVOCI				
Debt securities	200	–	–	200
Equity securities	1,235	5	285	1,525
Derivative financial instruments				
Interest rate swaps	–	46	–	46
Cross currency interest rate swaps	–	328	–	328
Forward foreign exchange contracts	–	3	–	3
	2,263	382	534	3,179
<b>Financial liabilities</b>				
Bond and notes subject to				
fair value hedges	–	3,041	–	3,041
Derivative financial instruments				
Cross currency interest rate swaps	–	200	–	200
	–	3,241	–	3,241

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.

# Notes to the Condensed Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

## 21. 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 such as price/earnings 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		Total
	FVTPL	FVOCI	
Unlisted equity securities			
At 1 July 2020	249	285	534
Purchases	20	–	20
Change in fair value recognized in			
– profit or loss	58	–	58
– other comprehensive income	–	18	18
At 31 December 2020	327	303	630

### (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 2020		30 June 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Debt securities	969	989	625	639
Long-term bank loans and bonds	88,070	91,887	85,594	88,726

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 OPERATING RESULTS

Underlying profit attributable to the Company's shareholders excluding fair value changes on investment properties was HK\$17,482 million for the six months ended 31 December 2020, which was HK\$4,060 million or 30% higher than the HK\$13,422 million reported for the same period last year. The increase was mainly attributable to the increase in property development profit both in Hong Kong and Mainland China.

A net fair value loss (net of deferred taxation and non-controlling interest) of HK\$3,833 million on revaluation of investment properties (including investment properties held by joint ventures and associates) was recognized for the period as compared to the net fair value gain of HK\$2,046 million recognized for the same period a year ago. The revaluation loss was primarily due to lower estimated market rents applied at 31 December 2020 in determining the fair value by the independent external valuer, with no material changes in the capitalization rates used. The majority of the revaluation deficit was attributable to the retail portfolio in Hong Kong due to the impact of the COVID-19 pandemic, while the Mainland China portfolio remained resilient.

After incorporating the net revaluation loss on investment properties, profit attributable to the Company's shareholders was HK\$13,578 million for the six months ended 31 December 2020, representing a decrease of HK\$1,841 million or 12% compared to HK\$15,419 million for the corresponding period last year.

Aggregate revenue of the Group's business segments (including share of joint ventures and associates) for the six months ended 31 December 2020 was HK\$52,233 million (2019: HK\$44,244 million). Total operating profit from all business segments (including share of joint ventures and associates) was HK\$24,167 million (2019: HK\$18,995 million), increased by HK\$5,172 million or 27% over the same period last year.

Revenue from property sales (including share of joint ventures) for the six months ended 31 December 2020 was HK\$26,908 million (2019: HK\$16,208 million), comprising revenue of HK\$23,433 million from Hong Kong (2019: HK\$14,678 million) and HK\$3,475 million from the Mainland China (2019: HK\$1,530 million). The significant increase in property sales revenue compared to the corresponding period last year was primarily due to higher volume of residential units delivered as the majority of the current financial year's residential development projects were completed in the first half of the year. Profit from property sales, inclusive of share of joint ventures, was HK\$12,366 million (2019: HK\$6,850 million), increased by HK\$5,516 million. Profit from Hong Kong property sales was HK\$10,484 million, increased by HK\$4,149 million over the same period last year, primarily attributable to the sales of residential units in Cullinan West III, St Martin Phase 2, Mount Regency Phase 2, as well as W LUXE office units. Profit from property sales on the Mainland increased by HK\$1,367 million to HK\$1,882 million, primarily from sale of residential units in Forest Hills, The Woodland Phase 5A, Park Royale Phase 2B, Oriental Bund and TODTOWN Phase 1. As at 31 December 2020, contracted property sales attributable to the Group (including share of joint ventures) not yet recognized amounted to HK\$37.5 billion, comprising HK\$26.7 billion in Hong Kong and HK\$10.8 billion on the Mainland, of which approximately HK\$15 billion is expected to be recognized in the second half of the current financial year and HK\$14 billion in the next financial year.

Rental revenue of the Group for the first half of the financial year, including share of joint ventures and associates, was HK\$12,361 million, dropped by 3% compared with the same period last year. Net rental income of the Group, including contributions of joint ventures and associates, decreased by 2% to HK\$9,496 million. While both the Mainland and Hong Kong portfolios were affected by the COVID-19, the Mainland portfolio, especially the retail portfolio, recorded a respectable recovery starting from the second quarter of 2020 as the pandemic was better contained and consumer confidence returned. Rental revenue of the Group's Mainland portfolio achieved a remarkable growth of 19% year-on-year to HK\$2,866 million, while net rental income increased by 24% to HK\$2,313 million.

# Financial Review

The Group's leasing business in Hong Kong is inevitably affected by the faltering economy caused by the pandemic. Rental revenue of Group's Hong Kong portfolio fell by 8% year-on-year to HK\$9,181 million, and net rental income decreased by 8% to HK\$6,923 million. The decrease was largely attributable to the retail portfolio as a result of negative rental reversions and rental concessions granted, while the office portfolio recorded a moderate rental growth compared with the same period last year. The Group has continued offering rent relief to selective retail tenants on certain retail malls in Hong Kong, with a total amount of HK\$370 million rental concessions having been granted during the period. The impact of these rental concessions were fully recognized in the first half of the financial year.

Hotel operations (including share of joint ventures) suffered a loss of HK\$228 million (after depreciation charge of HK\$330 million) as compared with the profit of HK\$197 million for the same period last year, due to impact of the COVID-19 which squashed the demand for hotel rooms and catering services. New revenue initiatives and cost savings measures were undertaken to manage through the pandemic crisis.

SmarTone reported an operating profit of HK\$380 million for the period compared with HK\$359 million for the same period last year. The improvement was driven by initiatives undertaken to boost revenues and effective cost optimization measures despite the decline in roaming revenue amid the COVID-19 pandemic.

Operating profit from transport infrastructure and logistics businesses (including share of joint ventures and associates) decreased by 2% to HK\$847 million. The decrease was largely attributable to lower profit contribution from the Group's toll road and business aviation centre operations due to the impact of the COVID-19 pandemic, while performance of Wilson's Group business and the Airport Freight Forwarding Centre remained stable.

SUNeVision achieved a strong growth of 20% in operating profit to HK\$471 million over the same period last year, driven by continuous demand for data centre services 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 continued to perform well with operating profit increased by 27% to HK\$835 million. YATA has seen strong sales growth especially with its supermarket business.

## 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\$583.3 billion or HK\$201.3 per share as at 31 December 2020 compared with HK\$571.8 billion as at 30 June 2020, an increase of HK\$11.5 billion. The increase was primarily driven by the net profit attributable to the shareholders of HK\$13.6 billion and foreign exchange gain of HK\$8.7 billion on translation of financial statements of foreign operations, as reduced by 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 2020, calculated on the basis of net debt to shareholders' equity of the Company, was 14.4% compared to 14.1% as at 30 June 2020. Interest coverage was 15.3 times, measured by the ratio of operating profit to total net interest expenses including those capitalized for the current period.

# Financial Review

As at 31 December 2020, the Group's gross borrowings totalled HK\$107,457 million. Net debt, after deducting bank deposits and cash of HK\$23,502 million, amounted to HK\$83,955 million, representing an increase of HK\$3,054 million since 30 June 2020. The maturity profile of the Group's gross borrowings is set out as follows:

	<b>31 December 2020 HK\$ Million</b>	30 June 2020 HK\$ Million
Repayable:		
Within one year	<b>18,748</b>	26,375
After one year but within two years	<b>22,767</b>	15,559
After two years but within five years	<b>33,476</b>	41,917
After five years	<b>32,466</b>	28,755
Total bank and other borrowings	<b>107,457</b>	112,606
Bank deposits and cash	<b>23,502</b>	31,705
Net debt	<b>83,955</b>	80,901

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 2020, about 73% of the Group's bank and other borrowings were raised through its wholly-owned finance subsidiaries and the remaining 27% 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 2020, about 72% of the Group's total borrowings were denominated in Hong Kong dollar (after cross currency interest rate swaps) and 9% in US dollar, which were raised for financing the Group's business operations in Hong Kong while the remaining 19% were mostly in Renminbi and for financing the construction cost of property projects on the Mainland. The Group is exposed to currency

# Financial Review

translation risk arising from translating the financial statements of foreign subsidiaries and joint ventures, which are mostly in Mainland China. 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 on 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 China. As at 31 December 2020, approximately 18% of the Group's net assets were denominated in Renminbi. Following the Renminbi's appreciation by 8.8% against the Hong Kong dollar as of the reporting date compared with 30 June 2020, the conversion of these net assets into Hong Kong dollar resulted in a translation gain of HK\$8.5 billion recognized in the exchange reserve.

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

The Group maintained an appropriate combination of fixed and floating rate borrowings to mitigate interest rate risk. As at 31 December 2020, about 54% 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 46% were on fixed rate basis.

As at 31 December 2020, 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\$21,341 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 2020, about 23% of the Group's bank deposits and cash were denominated in Hong Kong dollar, 64% in Renminbi, and 13% 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 2020, 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\$1,313 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 2020, 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\$2,361 million (30 June 2020: HK\$2,437 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: 67)*

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. He has been with the Group for 42 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 The Open University of Hong Kong 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 the elder sister of Mr. Kwong Chun and also 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 2020, 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\$3.54 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: 65)*

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. 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 in the Department of Real Estate and Construction of The University of Hong Kong. In addition, he is a member of the Hong Kong Housing Society. He is currently responsible for planning and development, and project management matters of the Group's development projects.

For the year ended 30 June 2020, 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\$27.48 million.

# Other Information

## Lui Ting, Victor

BBA

*Deputy Managing Director (Age: 66)*

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. 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 2020, 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\$27.76 million.

## Yip Dicky Peter

MBA, BBS, MBE, JP

*Independent Non-Executive Director (Age: 74)*

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 in China. 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 is currently an independent director of S.F. Holding Co., Ltd., and the chairman and a non-executive director of Ping An OneConnect Bank (Hong Kong) Limited.

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 2020, 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: 68)*

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 of the Company, and was appointed as a member of the Audit and Risk Management Committee of the Company with effect from 22 January 2021. 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 2020, 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. For the year ending 30 June 2021, in addition to the above fees, Professor Wong will also be entitled to receive a fee of HK\$280,000 per annum (or a pro rata amount for the duration of his membership for an incomplete year) for being a member of the Audit and Risk Management Committee of the Company.

### **Dr. Li Ka-cheung, Eric**

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

*Independent Non-Executive Director (Age: 67)*

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, Hang Seng Bank Limited and China Resources Beer (Holdings) Company 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.

## Other Information

For the year ended 30 June 2020, 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: 72)*

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 Global Brands Group Holding Limited and a non-executive director of Convenience Retail Asia Limited, both within the Fung Group. He is also an independent non-executive director of VTech Holdings Limited and The Hongkong and Shanghai Hotels, Limited. Dr. Fung resigned as the group non-executive chairman of Li & Fung Limited with effect from 8 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 2020, 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: 80)*

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.

## Other Information

For the year ended 30 June 2020, 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: 68)*

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, 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 2020, 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: 72)*

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 2020, 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: 53)*

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 resigned as an independent director of Yango Group Co., Ltd. with effect from 20 November 2020. He 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.

Mr. Wu is entitled to receive a fee of approximately HK\$249,000 for being a Director of the Company for the period from 1 September 2019 (being the date of his appointment as a Director) to 30 June 2020.

# Other Information

## **Kwan Cheuk-yin, William**

LLB

*Non-Executive Director (Age: 86)*

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. As a managing partner with the solicitors firm of Woo Kwan Lee & Lo, Mr. Kwan has 58 years of experience in legal practice. He is a former director and advisor and currently a voting member of the Tung Wah Group of Hospitals, a past member of the Stamp Advisory Committee, vice chairman of the Hong Kong Scout Foundation Management Committee, vice chairman of the Scout Performing Arts Committee, chairman of Air Activities Committee, adviser of Air Activities Development Fund Committee, elected member of Scout Counsel of Hong Kong, chairman of Scout Association of Hong Kong Leadership Training Institute Foundation Management Committee, vice president of Scout Association of Hong Kong, vice chairman of World Scout Foundation Baden-Powell Fellowship Hong Kong Chapter, president of the Hong Kong Branch of the King's College London Association, committee member of the Hong Kong Philatelic Society, honorary member of the Federation of Inter-Asia Philately, president of FIAP Grand Prix Club, a permanent advisor of Wah Yan (Hong Kong) Past Students Association, a director and honorary secretary of Wah Yan Dramatic Society, 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 2020, 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: 35)*

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 mainland China. 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 the elder sister of Mr. Kwong Chun and also 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 2020, 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: 37)*

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. 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 was the project director taking charge of certain key residential and commercial projects of the Group in Hong Kong and the Pearl River Delta region. 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 board of directors of The Community Chest of Hong Kong, 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 the elder sister of Mr. Kwong Chun and also 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 2020, 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\$9.33 million.

## **Kwok Kai-wang, Christopher**

MBA, BSc

*Executive Director (Age: 34)*

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. 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 worked in an international management consultancy firm before joining the Group in 2011. He is primarily responsible for the leasing of residential, retail and commercial properties of the Group in Hong Kong and mainland China. 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.

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.

## Other Information

Mr. Kwok is a son of Mr. Kwok Ping-luen, Raymond. He is also a grandson of Madam Kwong Siu-hing, who is the elder sister of Mr. Kwong Chun and also 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 2020, 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\$8.61 million, including a fee of HK\$45,000 for being a director of SUNeVision Holdings Ltd.

### **Kwong Chun**

*Executive Director (Age: 91)*

Mr. Kwong has been an Executive Director of the Company since October 1992. He is also a member of the Executive Committee of the Company. He graduated from the Zhong Nan Finance & Economics College of Wuhan in China. He worked for the Guangzhou office of the People's Bank of China before coming to Hong Kong in 1962 to work for Eternal Enterprises Limited. He was transferred to Sun Hung Kai Enterprises Limited in 1963. In 1972, the Company became a listed company and he has worked for it ever since.

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

For the year ended 30 June 2020, Mr. Kwong is entitled to receive a fee of HK\$300,000 for being a Director of the Company and other emoluments of approximately HK\$8.13 million.

### **Tung Chi-ho, Eric**

BA(AS)Hons, BArch, HKIA, Registered Architect, Authorized Person (List of Architects)

*Executive Director (Age: 61)*

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. 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, Singapore and China. He is also an executive director of SUNeVision Holdings Ltd.

For the year ended 30 June 2020, 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\$21.54 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: 52)*

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 and the chief executive officer of the Group's non-property related portfolio investments. 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 in China and 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, the president of the Hong Kong Society for the Protection of Children, an honorary secretary of The Hong Kong Federation of Youth Groups, and a council member and an executive committee member of The Hong Kong Management Association. He is also a council member of Sir Edward Youde Memorial Fund, a member of the board of the Asian Youth Orchestra, a board member of the Hong Kong Tourism Board, a member 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 2020, 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\$21.09 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: 40)*

Mr. Kwok has been an Alternate Director to Mr. Kwok Ping-luen, Raymond since July 2012. 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 becoming a fellow member of the Hong Kong Institute of Certified Public Accountants in September 2020 and he became a fellow member of The Institute of Chartered Accountants in England and Wales in 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 the elder sister of Mr. Kwong Chun and also 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 for a like term 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 contribution 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.

# Other Information

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 31 December 2020, 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

Name of Director	Number of shares held				Sub-total	Number of underlying shares held under equity derivatives	Total	% of issued voting shares as at 31.12.2020
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests (interests of controlled corporation)	Other interests				
Kwok Ping-luen, Raymond	188,743	80,000 <sup>1</sup>	–	528,346,686 <sup>2,87</sup>	528,615,429	–	528,615,429	18.24
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 <sup>1</sup>	–	–	6,000	–	6,000	0.00
Li Ka-cheung, Eric	–	4,028 <sup>1</sup>	–	–	4,028	–	4,028	0.00
Fung Kwok-lun, William	220,000	9,739 <sup>1</sup>	–	–	229,739	–	229,739	0.01
Leung Nai-pang, Norman	–	10,833 <sup>1</sup>	–	–	10,833	–	10,833	0.00
Leung Ko May-yee, Margaret	15,372	–	–	–	15,372	–	15,372	0.00
Kwok Kai-chun, Geoffrey	–	–	–	649,898,872 <sup>4,5,7&amp;8</sup>	649,898,872	–	649,898,872	22.43
Kwok Kai-fai, Adam	–	–	32,000 <sup>3</sup>	655,675,747 <sup>6,7&amp;8</sup>	655,707,747	–	655,707,747	22.63
Kwok Kai-wang, Christopher	110,000 <sup>9</sup>	60,000 <sup>1</sup>	–	655,300,101 <sup>2,7&amp;8</sup>	655,470,101	–	655,470,101	22.62
Kwong Chun	762,722	339,358 <sup>1</sup>	–	–	1,102,080	–	1,102,080	0.04
Kwok Ho-lai, Edward (Alternate Director to Kwok Ping-luen, Raymond)	32,000	–	–	655,300,101 <sup>2,7&amp;8</sup>	655,332,101	–	655,332,101	22.61

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 528,346,686 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.

# Other Information

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 311,771,561 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 528,722,332 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 528,346,686 shares, 311,771,561 shares and 528,722,332 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 80,588,723 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.*

# Other Information

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

### (a) SUNeVision Holdings Ltd. (“SUNeVision”)

Name of Director	Number of shares held			Sub-total	Number of underlying shares held under equity derivatives <sup>1</sup>	Total	% of issued voting shares as at 31.12.2020
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Other interests				
Kwok Ping-luen, Raymond	–	–	3,485,000 <sup>2&amp;3</sup>	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	41,000	142 <sup>4</sup>	–	41,142	–	41,142	0.00
Leung Ko May-yee, Margaret	1,000	2,000 <sup>4</sup>	–	3,000	–	3,000	0.00
Kwok Kai-chun, Geoffrey	–	–	11,927,658 <sup>2&amp;5</sup>	11,927,658	–	11,927,658	0.51
Kwok Kai-fai, Adam	–	–	11,927,658 <sup>2&amp;5</sup>	11,927,658	–	11,927,658	0.51
Kwok Kai-wang, Christopher	–	–	13,272,658 <sup>2,3&amp;5</sup>	13,272,658	–	13,272,658	0.57
Kwong Chun	600,000	–	–	600,000	–	600,000	0.03
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 <sup>2,3&amp;5</sup>	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 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.

# Other Information

## (b) SmarTone Telecommunications Holdings Limited (“SmarTone”)

Name of Director	Number of shares held			Number of underlying shares held under equity derivatives	Total	% of issued voting shares as at 31.12.2020
	Personal interests (held as beneficial owner)	Other interests	Sub-total			
Kwok Ping-luen, Raymond	–	5,162,337 <sup>1</sup>	5,162,337	–	5,162,337	0.46
Kwok Kai-chun, Geoffrey	–	6,849,161 <sup>2</sup>	6,849,161	–	6,849,161	0.62
Kwok Kai-fai, Adam	–	6,849,161 <sup>2</sup>	6,849,161	–	6,849,161	0.62
Kwok Kai-wang, Christopher	–	12,011,498 <sup>1&amp;2</sup>	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 <sup>1&amp;2</sup>	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.

# Other Information

## (c) Transport International Holdings Limited (“Transport International”)

Name of Director	Number of shares held		Number of underlying shares held under equity derivatives	Total	% of issued voting shares as at 31.12.2020
	Personal interests (held as beneficial owner)	Sub-total			
Kwok Ping-luen, Raymond	509,523 <sup>1</sup>	509,523	400,000 <sup>2</sup>	909,523	0.20
Lui Ting, Victor	300,000	300,000	–	300,000	0.07
Li Ka-cheung, Eric	–	–	400,000 <sup>2</sup>	400,000	0.09
Leung Nai-pang, Norman	–	–	450,000 <sup>2</sup>	450,000	0.10
Fung Yuk-lun, Allen	–	–	400,000 <sup>2</sup>	400,000	0.09

Notes:

- Of these shares in Transport International, 505,479 shares were held jointly with the spouse of Mr. Kwok Ping-luen, Raymond.
- 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 2020 were as follows:

Name of Director	Date of grant	Exercise price per share (HK\$)	Exercise period	Number of share options				Balance as at 31.12.2020
				Balance as at 01.07.2020	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	
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.

# Other Information

- (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 corporation	Actual shares held through corporation	Actual % of interests in issued voting shares as at 31.12.2020
Splendid Kai Limited	2,500 <sup>1</sup>	25.00
Hung Carom Company Limited	25 <sup>1</sup>	25.00
Tinyau Company Limited	1 <sup>1</sup>	50.00
Open Step Limited	8 <sup>1</sup>	80.00
Vivid Synergy Limited	963,536,900 <sup>1</sup>	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 2020, none of the Directors and 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 2020.

## SHARE OPTION 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 "Scheme").

During the six months ended 31 December 2020, no share options were granted under the Scheme and there were no outstanding share options granted under the Scheme.

# Other Information

## 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 Scheme").

During the six months ended 31 December 2020, no share options were granted under the SUNeVision Scheme. Particulars of the outstanding share options granted under the SUNeVision Scheme and their movements during the six months ended 31 December 2020 were as follows:

Grantees	Date of grant	Exercise price per share (HK\$)	Exercise period <sup>1</sup>	Number of share options					Closing price per share (HK\$)
				Balance as at 01.07.2020	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	Balance as at 31.12.2020	
<b>(i) Directors of SUNeVision</b>									
Fung Yuk-lun, Allen	08.03.2016	2.45	08.03.2017 to 07.03.2021	4,000,000	-	(4,000,000)	-	-	6.79 <sup>2</sup>
	22.05.2019	6.688	22.05.2020 to 21.05.2024	4,000,000	-	-	-	4,000,000	N/A
Other directors of SUNeVision	08.03.2016	2.45	08.03.2017 to 07.03.2021	1,000,000	-	(490,000)	-	510,000	6.95 <sup>2</sup>
	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	3,000,000	-	-	-	3,000,000	N/A
<b>(ii) Other employees of SUNeVision</b>									
	08.03.2016	2.45	08.03.2017 to 07.03.2021	905,000	-	(670,000)	-	235,000	6.43 <sup>2</sup>
	19.06.2018	5.048	19.06.2019 to 18.06.2023	2,705,000	-	(865,000)	-	1,840,000	6.35 <sup>2</sup>
	22.05.2019	6.688	22.05.2020 to 21.05.2024	3,740,000	-	-	-	3,740,000	N/A
	17.06.2020	5.39	17.06.2021 to 16.06.2025	10,700,000	-	-	-	10,700,000	N/A
	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
	17.06.2020	5.39	08.10.2021 to 16.06.2025	150,000	-	-	(150,000)	-	N/A
<b>(iii) Other participants of the SUNeVision Scheme</b>									
	17.06.2020	5.39	17.06.2021 to 16.06.2025	1,000,000	-	-	-	1,000,000	N/A
<b>Total</b>				<b>37,800,000</b>	<b>-</b>	<b>(6,025,000)</b>	<b>(150,000)</b>	<b>31,625,000</b>	

# Other Information

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 period of the share options granted to certain employees of SUNeVision and its subsidiaries on 17 June 2020, 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 of the respective employees (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 Scheme during the six months ended 31 December 2020.

## (b) SmarTone

On 2 November 2011, SmarTone adopted a share option scheme which became effective on 8 December 2011 (the "SmarTone Scheme"). Pursuant to the terms of the SmarTone Scheme, SmarTone granted or may grant share options to the participants, including directors and employees of the SmarTone group, to subscribe for the shares of SmarTone.

During the six months ended 31 December 2020, no share options were granted under the SmarTone Scheme. Particulars of the outstanding share options granted under the SmarTone Scheme and their movements during the six months ended 31 December 2020 were as follows:

Grantee	Date of grant	Exercise price per share (HK\$)	Exercise period <sup>1</sup>	Number of share options				Balance as at 31.12.2020
				Balance as at 01.07.2020	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	
Director of SmarTone	25.07.2016	14.28	25.07.2017 to 24.07.2021	3,000,000	-	-	(3,000,000)	-
<b>Total</b>				3,000,000	-	-	(3,000,000)	-

Note:

1. The share options can be exercised up to one-third of the grant from the first anniversary of the date of grant, up to two-thirds 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.

Save as disclosed above, there were no outstanding share options granted under the SmarTone Scheme during the six months ended 31 December 2020.

# Other Information

## INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 31 December 2020, 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			Total	% of issued voting shares as at 31.12.2020
	Personal interests (held as beneficial owner)	Corporate interests (interests of controlled corporation)	Other interests		
<b>(i) Substantial shareholders</b>					
HSBC Trustee (C.I.) Limited	–	–	991,088,008 <sup>1,2&amp;3</sup>	991,088,008	34.20
Kwong Siu-hing	25,024	–	774,137,237 <sup>1&amp;3</sup>	774,162,261	26.72
Adolfa Limited (“Adolfa”)	231,182,838	80,588,723	–	311,771,561 <sup>3&amp;4</sup>	10.76
Bertana Limited (“Bertana”)	231,182,838	80,588,723	–	311,771,561 <sup>3&amp;5</sup>	10.76
Cyric Limited (“Cyric”)	231,182,838	80,588,723	–	311,771,561 <sup>3&amp;6</sup>	10.76
<b>(ii) Other persons</b>					
Credit Suisse Trust Limited	–	–	216,601,592 <sup>7&amp;8</sup>	216,601,592	7.47
Genesis Trust & Corporate Services Ltd.	–	–	211,173,896 <sup>9</sup>	211,173,896	7.29
Kwok Kai-ho, Jonathan	–	–	211,173,896 <sup>9</sup>	211,173,896	7.29
Thriving Talent Limited	193,245,095 <sup>2</sup>	–	–	193,245,095	6.67
Thriving Talent Holdings Limited	–	193,245,095 <sup>2</sup>	–	193,245,095	6.67
Rosy Result Limited	189,149,595 <sup>7</sup>	–	–	189,149,595	6.53
Asporto Limited	187,357,707 <sup>9</sup>	–	–	187,357,707	6.47

### Notes:

1. Madam Kwong Siu-hing was deemed to be interested in 774,137,237 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 216,950,771 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, 193,245,095 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 216,950,771 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, 80,588,723 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 80,588,723 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 26,467 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 2020, 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 2020, the Group employed more than 39,500 employees. The related employees' costs before reimbursements for the six months ended 31 December 2020 amounted to approximately HK\$5,762 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 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.

## 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 2020.

## INTERIM DIVIDEND

The Board of Directors of the Company (the "Board") has declared an interim dividend of HK\$1.25 per share (2019: HK\$1.25 per share) for the six months ended 31 December 2020 to the Shareholders whose names appear on the register of members of the Company on Friday, 12 March 2021. The interim dividend will be payable in cash on Thursday, 18 March 2021. Shares of the Company will be traded ex-dividend as from Wednesday, 10 March 2021.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on Friday, 12 March 2021, during which 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, 11 March 2021.

# Other Information

## REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim results for the six months ended 31 December 2020 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 14 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 2020, 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. 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, 25 February 2021

