恒隆地產
HANG LUNG PROPERTIES

恒隆地產有限公司

HANG LUNG PROPERTIES LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 00101)

2021 INTERIM RESULTS

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恒隆地產 HANG LUNG PROPERTIES

FINANCIAL HIGHLIGHTS

in HK$ Million (unless otherwise stated)

RESULTS

For the six months ended June 30

	2021			2020		
	Property Leasing	**Property Sales**	**Total**	Property Leasing	Property Sales	Total
Revenue	**4,975**	**-**	**4,975**	4,184	-	4,184
- Mainland China	**3,295**	**-**	**3,295**	2,277	-	2,277
- Hong Kong	**1,680**	**-**	**1,680**	1,907	-	1,907
Operating profit	**3,652**	**(22)**	**3,630**	3,045	(4)	3,041
- Mainland China	**2,257**	**(9)**	**2,248**	1,480	(2)	1,478
- Hong Kong	**1,395**	**(13)**	**1,382**	1,565	(2)	1,563
Underlying net profit attributable to shareholders	**2,220**	**(20)**	**2,200**	1,993	(4)	1,989
Net increase/(decrease) in fair value of properties attributable to shareholders	**35**	**-**	**35**	(4,526)	-	(4,526)
Net profit/(loss) attributable to shareholders	**2,255**	**(20)**	**2,235**	(2,533)	(4)	(2,537)

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

Earnings and Dividend (HK$)

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

Financial ratios

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

REVIEW OF OPERATIONS

CONSOLIDATED RESULTS

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

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

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

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

Revenue and Operating Profit for the Six Months Ended June 30

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

DIVIDEND

The Board of Directors has declared an interim dividend of HK18 cents per share for 2021 (2020: HK17 cents) to be paid by cash on September 29, 2021, to shareholders whose names are listed on the register of members on September 15, 2021.

PROPERTY LEASING

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

On the Mainland, our businesses displayed strong resilience during the period. Malls rich in luxury content continued to experience a significant jump in tenant sales since April 2020. Overall tenant sales more than doubled compared to that of the first half of 2020 and were 10% higher than the second half of 2020, while the rental revenue of the malls jumped 38% in Renminbi (RMB) terms against the same period last year.

During the first half of 2021, Hong Kong continued to endure the adverse effects of COVID-19 but started to show signs of recovery. Under the continued tightening of social distancing measures, businesses and the overall retail environment in Hong Kong have yet to recover to pre-pandemic levels. We continued to grant rent relief to selected trades in Hong Kong during the reporting period, but at a much reduced level period-on-period as market conditions started stabilizing.

Mainland China[1]

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

	Revenue (RMB Million)		
	2021	2020	Change
Malls	**2,232**	1,618	38%
Offices	**473**	422	12%
Hotel	**41**	22	86%
Total	**2,746**	2,062	33%
Total in HK$ Million equivalent	***3,295***	*2,277*	*45%*

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

All segments reported notable growth partly due to a lower base in 2020 caused by the pandemic.

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

The increase in the turnover rent of the malls and the uplift of the occupancy rate of the offices also played a part. Overall rental margin was at 68%.

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

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

- *Malls*

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

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

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

opened in March 2021

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

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

Luxury malls

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

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

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

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

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

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

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

<u>Sub-luxury malls</u>

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

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

Revenue from the **Riverside 66** mall in Tianjin was up 3% and tenant sales were 79% higher. We are continuing to strengthen the mall's offerings by introducing popular sports brands, fashion and accessories, and a variety of high-quality goods and services for families and children, along with a revamp in the food and beverage offering.

- *Offices*

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

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

Name of Office and City	Revenue (RMB Million)			Period-end Occupancy Rate		
	2021	2020	Change	**June 2021**	December 2020	June 2020
Plaza 66, Shanghai	**310**	300	3%	**95%**	93%	91%
Forum 66, Shenyang	**65**	62	5%	**97%**	90%	88%
Center 66, Wuxi [(a)]	**53**	47	13%	**84%**	72%	64%
Spring City 66, Kunming [(b)]	**35**	13	169%	**50%**	41%	22%
Heartland 66, Wuhan [(c)]	**10**	-	N/A	**34%**	15%	N/A
Total	**473**	422	12%			

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

Income from the two office towers at **Plaza 66** in Shanghai increased slightly by 3% despite keen competition from offices in non-core areas in Shanghai. With the high-quality tenant-customer engagement programs, superior customer service and premium hardware, Plaza 66 reaffirmed its leading position in a highly competitive market.

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

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

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

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

- *Hotel*

Conrad Shenyang earned 86% more in revenue at RMB41 million in the first half of 2021. Room sales rebounded as domestic travels resumed. Room sales improved on the back of strengthening domestic demand, while food and beverage income bounced back as restaurants resumed full service, and meeting and events demand started to return.

Hong Kong

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

Properties located in Causeway Bay and Mongkok were under more pressure due to their reliance on tourists. Tenants of specific trades, such as cinemas, gyms, restaurants, among others, were more directly affected by the social distancing measures imposed by the government.

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

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

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

	Revenue (HK$ Million)			**Period-end Occupancy Rate**		
				June	December	June
	2021	2020	Change	**2021**	2020	2020
Commercial	**980**	1,133	-14%	**97%**	97%	97%
Offices	**584**	635	-8%	**88%**	88%	90%
Residential & Serviced Apartments	**116**	139	-17%	**56%**	56%	58%
Total	**1,680**	1,907	-12%			

- *Commercial*

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

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

Our **Mongkok portfolio**, with high exposure to the fast-moving youth lifestyle as well as tourist-oriented trades, was also negatively impacted. Revenue at Grand Plaza and Gala Place retreated by 25%. We were able to lease out the space vacated by the former three-story anchor tenant at

Gala Place to Foot Locker, a leading global athletic footwear and apparel brand, a new AEON STYLE concept store, and created a new dining cluster in the basement, maintaining the commercial area at full occupancy.

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

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

- *Offices*

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

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

- *Residential & Serviced Apartments*

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

PROPERTY SALES

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

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

PROPERTY REVALUATION

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

A revaluation gain of HK$618 million (2020: loss of HK$4,642 million) was recorded, representing a slight increase in valuation compared to the value as of December 31, 2020.

The mainland China portfolio recorded a gain of HK$1,355 million (2020: loss of HK$2,307 million), a 1% increase versus the valuation at the end of 2020, largely reflecting the expected recovery in the luxury malls. Valuation of offices was stable.

The Hong Kong portfolio had a revaluation loss of HK$737 million (2020: loss of HK$2,335 million), representing a 1% decrease against the value as of December 31, 2020. The decline was smaller compared to the 4% and 3% half-on-half drop in the first and second halves of 2020. Commercial and office segments recorded a deeper drop, while apartments were more stable.

PROPERTY DEVELOPMENT AND CAPITAL COMMITMENT

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

Mainland China

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

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

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

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

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

Hong Kong

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

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

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

FINANCING MANAGEMENT

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

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

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

As part of our ESG (Environmental, Social and Governance) initiatives, Hang Lung Properties continues to focus on sustainable finance with plans to increase its proportion in our entire debt portfolio. During the first half of 2021, we issued green bonds worth HK$2 billion and obtained three sustainability-linked loan facilities totaling HK$4 billion. All those are collectively referred as sustainable finance, which now accounts for 24% of our total debts and available facilities. We have plans to increase that proportion further.

- *Cash Management*

As of June 30, 2021, total cash and bank balances amounted to HK$4,206 million (December 31, 2020: HK$6,319 million). The balance decreased after paying for construction fees of various projects under development and the balance payment for the acquisition of 37 Shouson Hill Road in Hong Kong. All deposits are placed with banks carrying strong credit ratings. The counterparty risk is monitored on a regular basis.

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

	At June 30, 2021		At December 31, 2020	
	HK$ Million	*% of Total*	HK$ Million	*% of Total*
Denominated in:				
HKD	**242**	*6%*	2,584	*41%*
RMB	**3,821**	*91%*	3,602	*57%*
USD	**143**	*3%*	133	*2%*
Total cash and bank balances	**4,206**	*100%*	6,319	*100%*

- *Debt Portfolio*

At the balance sheet date, total borrowings amounted to HK$41,070 million (December 31, 2020: HK$37,917 million), of which 33% was denominated in RMB to act as a natural hedge to net investments in mainland China. The higher debt balance against December 31, 2020 was mainly due to payments for construction in mainland China and Hong Kong.

Our fixed-rate borrowings mainly consist of Medium Term Notes (MTNs) and bank loans that are converted to fixed-rate by the use of interest rate swaps. The percentage of fixed-rate borrowings fell to 54% of total borrowings as of June 30, 2021 as a USD500 million MTN was redeemed in April 2021, despite a total of HK$2.7 billion MTNs issued during the first six months of 2021.

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

i) by currency (after currency swap):

	At June 30, 2021		At December 31, 2020	
	HK$ Million	*% of Total*	HK$ Million	*% of Total*
Denominated in:				
HKD	**27,630**	*67%*	25,007	*66%*
RMB	**13,440**	*33%*	12,910	*34%*
Total borrowings	**41,070**	*100%*	37,917	*100%*

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

	At June 30, 2021		At December 31, 2020	
	HK$ Million	*% of Total*	HK$ Million	*% of Total*
Fixed	**21,976**	*54%*	23,772	*63%*
Floating	**19,094**	*46%*	14,145	*37%*
Total borrowings	**41,070**	*100%*	37,917	*100%*

- *Gearing Ratios*

At the reporting date, the net debt balance amounted to HK$36,864 million (December 31, 2020: HK$31,598 million). Net debt to equity ratio was 24.6% (December 31, 2020: 21.3%) and debt to equity ratio was 27.5% (December 31, 2020: 25.6%). The increase in both ratios was largely due to capital expenditures and the balance payment for the acquisition of 37 Shouson Hill Road in Hong Kong.

- *Maturity Profile and Refinancing*

At the balance sheet date, the average tenure of the entire loan portfolio was 3.0 years (December 31, 2020: 2.9 years). The maturity profile was staggered over more than 10 years. Around 62% of the loans were repayable after two years.

	At June 30, 2021		At December 31, 2020	
	HK$ Million	*% of Total*	HK$ Million	*% of Total*
Repayable:				
Within 1 year	**8,594**	*21%*	7,464	*20%*
After 1 but within 2 years	**6,817**	*17%*	8,585	*23%*
After 2 but within 5 years	**20,719**	*50%*	18,645	*49%*
Over 5 years	**4,940**	*12%*	3,223	*8%*
Total borrowings	**41,070**	*100%*	37,917	*100%*

As of June 30, 2021, total undrawn committed banking facilities amounted to HK$10,631 million (December 31, 2020: HK$12,563 million). The available balances of the USD4 billion (December 31, 2020: USD4 billion) MTN Program amounted to USD1,905 million, equivalent to HK$14,792 million (December 31, 2020: HK$12,945 million).

- *Net Finance Costs and Interest Cover*

For the first half of 2021, gross finance costs increased 6% to HK$763 million. The effect of the increase in total borrowings was partially offset by the drop in the average effective cost of borrowings which was lowered to 3.9% (2020: 4.6%), benefiting from lower interest rates upon the refinancing of maturing debts.

The net amount charged to the statement of profit or loss increased to HK$226 million as finance costs capitalized for projects under development decreased after the completion of the mall and office at Heartland 66 in Wuhan.

Interest income for the period increased by 42% to HK$44 million mainly due to a temporary increase in average balance of deposits.

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

- *Foreign Exchange Management*

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

(a) RMB Exposure

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

As of June 30, 2021, net assets denominated in RMB accounted for about 73% of our total net assets. The RMB appreciated against the HKD by 1.1% compared with December 31, 2020. The translation of these net assets from RMB into HKD at the exchange rate as of the reporting date resulted in a translation gain of HK$1,209 million (2020: loss of HK$1,877 million), recognized in other comprehensive income/exchange reserve.

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

(b) USD Exposure

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

- *Charge of Assets*

Assets of Hang Lung Properties were not charged to any third parties as of June 30, 2021.

- *Contingent Liabilities*

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

CORPORATE INITIATIVES

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

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

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

OUTLOOK

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

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

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

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

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

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

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

			For information purpose only	
	2021	2020	**2021**	2020
	HK$ Million	HK$ Million	**RMB Million**	RMB Million
Profit/(loss) for the period	**2,771**	(2,343)	**2,308**	(2,162)
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Movement in exchange reserve:				
Exchange difference arising from translation to presentation currency	**1,219**	(1,897)	**(292)**	853
Net investment hedge－net (loss)/gain	**(10)**	20	**(9)**	18
Movement in hedging reserve:				
Effective portion of changes in fair value	**7**	(44)	**6**	(40)
Net amount transferred to profit or loss	**7**	46	**6**	42
Deferred tax	**(1)**	3	**(1)**	3
Item that will not be reclassified to profit or loss:				
Net change in fair value of equity investments	**1**	-	**1**	-
Other comprehensive income for the period, net of tax	**1,223**	(1,872)	**(289)**	876
Total comprehensive income for the period	**3,994**	(4,215)	**2,019**	(1,286)
Attributable to:				
Shareholders	**3,341**	(4,228)	**1,570**	(1,459)
Non-controlling interests	**653**	13	**449**	173
Total comprehensive income for the period	**3,994**	(4,215)	**2,019**	(1,286)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT JUNE 30, 2021

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

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

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

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

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

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

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

1. Basis of preparation (Continued)

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

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

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

2. Revenue and segment information

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

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

(a) Disaggregation of revenue

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

HK$ Million	**2021**	2020
Under the scope of HKFRS 16, *Leases*:		
Rental income	**4,462**	3,751
Under the scope of HKFRS 15, *Revenue from contracts with customers*:		
Building management fees and other income from property leasing	**513**	433
	4,975	4,184

2. Revenue and segment information (Continued)

(b) Revenue and results by segments

HK$ Million	2021			2020		
	Property Leasing	**Property Sales**	**Total**	Property Leasing	Property Sales	Total
Revenue						
- Mainland China	**3,295**	**-**	**3,295**	2,277	-	2,277
- Hong Kong	**1,680**	**-**	**1,680**	1,907	-	1,907
	4,975	**-**	**4,975**	4,184	-	4,184
Profit from operations before changes in fair value of properties						
- Mainland China	**2,116**	**(9)**	**2,107**	1,359	(2)	1,357
- Hong Kong	**1,294**	**(13)**	**1,281**	1,419	(2)	1,417
	3,410	**(22)**	**3,388**	2,778	(4)	2,774
Net increase/(decrease) in fair value of properties	**618**	**-**	**618**	(4,642)	-	(4,642)
- Mainland China	**1,355**	**-**	**1,355**	(2,307)	-	(2,307)
- Hong Kong	**(737)**	**-**	**(737)**	(2,335)	-	(2,335)
Net interest expense	**(182)**	**-**	**(182)**	(22)	-	(22)
- Interest income	**44**	**-**	**44**	31	-	31
- Finance costs	**(226)**	**-**	**(226)**	(53)	-	(53)
Share of losses of joint ventures	**-**	**-**	**-**	(38)	-	(38)
Profit/(loss) before taxation	**3,846**	**(22)**	**3,824**	(1,924)	(4)	(1,928)
Taxation	**(1,055)**	**2**	**(1,053)**	(415)	-	(415)
Profit/(loss) for the period	**2,791**	**(20)**	**2,771**	(2,339)	(4)	(2,343)
Net profit/(loss) attributable to shareholders	**2,255**	**(20)**	**2,235**	(2,533)	(4)	(2,537)

2. Revenue and segment information (Continued)

(c) Total segment assets

HK$ Million	June 30, 2021			December 31, 2020		
	Property Leasing	**Property Sales**	**Total**	Property Leasing	Property Sales	Total
Mainland China	**136,946**	**4,112**	**141,058**	133,028	3,735	136,763
Hong Kong	**61,440**	**7,120**	**68,560**	62,589	4,323	66,912
	198,386	**11,232**	**209,618**	195,617	8,058	203,675
Interest in joint ventures			**1,142**			1,161
Other assets			**78**			77
Deferred tax assets			**83**			84
Cash and deposits with banks			**4,206**			6,319
			215,127			211,316

3. Other net income

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

4. Net interest expense

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

5. Profit/(loss) before taxation

HK$ Million	**2021**	2020
Profit/(loss) before taxation is arrived at after charging:		
Staff costs (Note)	**737**	670
Depreciation	**33**	28

Note: The staff costs included employee share-based payments of HK$29 million (2020: HK$32 million). If the amounts not recognized in the statement of profit or loss, including amounts capitalized, were accounted for, staff costs would have been HK$883 million (2020: HK$807 million).

6. Taxation in the consolidated statement of profit or loss

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

HK$ Million	**2021**	2020
Current tax		
Hong Kong Profits Tax	**151**	170
Mainland China Income Tax	**449**	306
Total current tax	**600**	476
Deferred tax		
Changes in fair value of properties	**339**	(153)
Other origination and reversal of temporary differences	**114**	92
Total deferred tax	**453**	(61)
Total income tax expense	**1,053**	415

7. Dividends

(a) Interim dividend

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

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

7. Dividends (Continued)

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

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

8. Earnings/(loss) per share

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

HK$ Million	**2021**	2020
Net profit/(loss) attributable to shareholders	**2,235**	(2,537)

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

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

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

HK$ Million	**2021**	2020
Net profit/(loss) attributable to shareholders	**2,235**	(2,537)
Effect of changes in fair value of properties	**(618)**	4,642
Effect of corresponding income tax	**339**	(153)
Effect of changes in fair value of investment properties of joint ventures	**19**	60
	(260)	4,549
Non-controlling interests	**225**	(23)
	(35)	4,526
Underlying net profit attributable to shareholders	**2,200**	1,989

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

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

9. Investment properties and investment properties under development

(a) Additions

During the six months ended June 30, 2021, additions to investment properties and investment properties under development amounted to HK$1,116 million (2020: HK$1,327 million).

(b) Valuation

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

10. Trade and other receivables

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

HK$ Million	**June 30, 2021**	December 31, 2020
Not past due or less than 1 month past due	**83**	115
1 - 3 months past due	**8**	25
More than 3 months past due	**6**	11
	97	151

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

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

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

11. Assets held for sale

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

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

12. Trade and other payables

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

HK$ Million	**June 30, 2021**	December 31, 2020
Due within 3 months	**1,677**	4,339
Due after 3 months	**3,499**	2,021
	5,176	6,360

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

OTHER INFORMATION

Employees

As of June 30, 2021, the number of employees was 4,219 (comprising 1,060 Hong Kong employees and 3,159 mainland China employees). The total employee costs for the six months ended June 30, 2021, amounted to HK$883 million. We provide competitive remuneration packages for all employees including discretionary bonuses payable based on individual performance. We regularly review remuneration packages to ensure that they comply with relevant regulatory requirements and market conditions. The Company has share option schemes and provides professional and high-quality trainings for employees.

Purchase, Sale or Redemption of Listed Securities

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

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

Compliance with Corporate Governance Code

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

Review of Interim Results

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

Book Close Dates

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

On Behalf of the Board
Ronnie C. Chan
Chair

Hong Kong, July 29, 2021

As of the date of this announcement, the board of directors of the Company comprises the following directors:
Executive Directors: Mr. Ronnie C. CHAN, Mr. Adriel CHAN, Mr. Weber W.P. LO and Mr. H.C. HO
Non-Executive Director: Mr. Philip N.L. CHEN
Independent Non-Executive Directors: Mr. Nelson W.L. YUEN, Mr. Dominic C.F. HO, Dr. Andrew K.C. CHAN, Prof. H.K. CHANG and Ms. Anita Y.M. FUNG

GLOSSARY

Financial Terms

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

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

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

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

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

Financial Ratios

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

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

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

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

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