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 ANNUAL RESULTS

恒隆地產 HANG LUNG PROPERTIES

CONTENTS

FINANCIAL HIGHLIGHTS

in HK$ Million (unless otherwise stated)

RESULTS

	2021			2020		
	Property Leasing	**Property Sales**	**Total**	Property Leasing	Property Sales	Total
Revenue	**10,321**	**-**	**10,321**	8,911	62	8,973
- Mainland China	**6,939**	**-**	**6,939**	5,277	-	5,277
- Hong Kong	**3,382**	**-**	**3,382**	3,634	62	3,696
Operating profit/(loss)	**7,462**	**(91)**	**7,371**	6,437	44	6,481
- Mainland China	**4,693**	**(38)**	**4,655**	3,468	(8)	3,460
- Hong Kong	**2,769**	**(53)**	**2,716**	2,969	52	3,021
Underlying net profit/(loss) attributable to shareholders	**4,430**	**(65)**	**4,365**	4,164	37	4,201
Net decrease in fair value of properties attributable to shareholders	**(497)**	**-**	**(497)**	(6,772)	-	(6,772)
Net profit/(loss) attributable to shareholders	**3,933**	**(65)**	**3,868**	(2,608)	37	(2,571)

	At December 31, 2021	At December 31, 2020
Shareholders' equity	**141,719**	138,295
Net assets attributable to shareholders per share (HK$)	**$31.5**	$30.7

Earnings and Dividends (HK$)

	2021	2020
Earnings/(loss) per share		
- Based on underlying net profit attributable to shareholders	**$0.97**	$0.93
- Based on net profit/(loss) attributable to shareholders	**$0.86**	($0.57)
Dividends per share	**$0.78**	$0.76
- Interim	**$0.18**	$0.17
- Final	**$0.60**	$0.59

Financial Ratios

	2021	2020
Payout ratio (based on net profit attributable to shareholders)		
- Total	**91%**	N/A
- Property leasing	**89%**	N/A
- Property leasing (after deducting amount of interest capitalized)	**108%**	N/A
Payout ratio (based on underlying net profit attributable to shareholders)		
- Total	**80%**	81%
- Property leasing	**79%**	82%
- Property leasing (after deducting amount of interest capitalized)	**94%**	114%

	At December 31, 2021	At December 31, 2020
Net debt to equity ratio	**24.4%**	21.3%
Debt to equity ratio	**30.0%**	25.6%

REVIEW OF OPERATIONS

CONSOLIDATED RESULTS

The total revenue and operating profit of Hang Lung Properties Limited (the Company) and its subsidiaries (collectively known as "Hang Lung Properties") for the year ended December 31, 2021, increased by 15% to HK$10,321 million and 14% to HK$7,371 million, respectively. No property sales revenue was recognized in 2021.

The underlying net profit attributable to shareholders increased by 4% to HK$4,365 million. The underlying earnings per share correspondingly rose to HK$0.97.

Hang Lung Properties reported a net profit attributable to shareholders of HK$3,868 million (2020: net loss of HK$2,571 million) when including a net revaluation loss of properties attributable to shareholders of HK$497 million (2020: net revaluation loss of HK$6,772 million). The corresponding earnings per share was HK$0.86 (2020: loss per share of HK$0.57).

Revenue and Operating Profit

	Revenue			Operating Profit		
	2021	2020	Change	**2021**	2020	Change
	HK$ Million	HK$ Million		**HK$ Million**	HK$ Million	
Property Leasing	**10,321**	8,911	16%	**7,462**	6,437	16%
Mainland China	**6,939**	5,277	31%	**4,693**	3,468	35%
Hong Kong	**3,382**	3,634	-7%	**2,769**	2,969	-7%
Property Sales	**-**	62	-100%	**(91)**	44	N/A
Total	**10,321**	8,973	15%	**7,371**	6,481	14%

DIVIDENDS

The Board of Directors has recommended a final dividend of HK60 cents per share for 2021 (2020: HK59 cents) to be paid in cash on May 19, 2022, to shareholders whose names are listed on the register of members on May 4, 2022. Together with an interim dividend of HK18 cents per share (2020: HK17 cents), the full year dividends for 2021 amounted to HK78 cents per share (2020: HK76 cents).

PROPERTY LEASING

The overall rental revenue of Hang Lung Properties grew by 16% to HK$10,321 million during the year. Rental revenue of our Mainland portfolio rose by 23% in Renminbi (RMB) terms and 31% in HKD terms, more than offsetting the 7% decline of our Hong Kong portfolio.

On the Mainland, the retail market sentiment continued to improve in 2021 despite sporadic resurgences of COVID-19 cases in certain provinces during the year. On the strength of our luxury malls' strong performance, the rental revenue of the malls jumped 25% in RMB terms year-on-year.

In Hong Kong, COVID-19 continues to cast a shadow over economic recovery with travel restrictions and social distancing measures in effect throughout the reporting year. Prior to recent Omicron outbreak, the retail market had gradually picked up since May 2021. In 2021, our tenant sales rose by 9%, with a much reduced level of rent relief needed as the year progressed.

Mainland China[1]

Property Leasing – Mainland China Portfolio

	Revenue (RMB Million)		
	2021	2020	Change
Malls	**4,662**	3,731	25%
Offices	**1,001**	864	16%
Hotel	**94**	80	18%
Total	**5,757**	4,675	23%
Total in HK$ Million equivalent	***6,939***	*5,277*	*31%*

Overall rental revenue and operating profit surged by 23% and 27% in RMB terms or rose 31% and 35% in HKD terms, respectively. All segments reported double-digit revenue growth year-on-year. The overall rental margin achieved 68%.

When excluding the rental contributions from the Heartland 66 office tower and mall in Wuhan, which opened in November 2020 and March 2021, respectively, revenue increased by 19% compared to a year ago; revenue in the second half of 2021 grew 6% against the first half of 2021.

[1] Percentage changes pertaining to the mainland China portfolio are expressed in RMB terms unless otherwise specified.

- *Malls*

The mall portfolio recorded revenue growth of 25% year-on-year. Revenue of luxury-positioned malls surged by 30%, while revenue of sub-luxury malls rose by 2%.

Property Leasing – Mainland China Mall Portfolio

Name of Mall and City	Revenue (RMB Million)			Year-End Occupancy Rate	
	2021	2020	Change	**2021**	2020
Luxury malls					
Plaza 66, Shanghai	**1,782**	1,426	25%	**100%**	99%
Grand Gateway 66, Shanghai	**1,163**	984	18%	**100%**	98%
Forum 66, Shenyang	**106**	95	12%	**90%**	89%
Center 66, Wuxi	**373**	267	40%	**98%**	96%
Olympia 66, Dalian	**164**	136	21%	**87%**	77%
Spring City 66, Kunming	**269**	183	47%	**97%**	91%
Heartland 66, Wuhan #	**153**	-	N/A	**84%**	N/A
	4,010	3,091	30%		
Sub-luxury malls					
Palace 66, Shenyang	**179**	175	2%	**90%**	88%
Parc 66, Jinan	**305**	297	3%	**93%**	94%
Riverside 66, Tianjin	**168**	168	-	**86%**	76%
	652	640	2%		
Total	**4,662**	3,731	25%		

Opened in March 2021

The retail market for high-end products remains robust and optimistic. All of our luxury malls enjoyed double-digit revenue growth, with year-on-year tenant sales growth in these malls ranging from 33% to 89%. In particular, the revenue of Olympia 66 in Dalian in the second half of 2021 increased by 45% versus the first half of 2021, following its transformation into a luxury-led mall. Comparing the second half of 2021 against the same period in 2020, the total tenant sales of our luxury malls grew by 21% despite the high base.

Our sub-luxury malls had a relatively moderate performance with year-on-year growth of 2%, reflecting the uneven impact of the pandemic on different market segments. The performance was also affected by resurgences of COVID-19 cases in their respective cities.

Luxury malls

The **Plaza 66** mall in Shanghai achieved another year of outstanding performance. Revenue grew 25% year-on-year, primarily driven by increases in turnover rents and favorable rental reversions. Tenant sales advanced by 37%, and an exciting line-up of promotions and events, including the Home to Luxury Party held in November 2021, took place throughout the year to stimulate growth. HOUSE 66, our customer relationship management (CRM) program continued to provide our loyal customers with diverse and personalized services and prestigious offerings. These efforts have offered unparalleled customer experience and successfully captured the upswing in luxury sales and converted them into solid growth in tenant sales and rental revenue and profit.

The **Grand Gateway 66** mall in Shanghai continued to benefit from the Asset Enhancement Initiative (AEI) completed in 2020. A league of premium brands has been introduced to fortify the mall's luxury content making it the regional lifestyle center in Shanghai. Revenue increased by 18% year-on-year with a 56% surge in tenant sales.

Revenue and tenant sales of the **Forum 66** mall in Shenyang increased by 12% and 33%, respectively, against last year despite several COVID-19 resurgences. Effective marketing campaigns, including compelling sales-driven HOUSE 66 events and incentives for loyal customers, were implemented throughout the year. Cross-trade promotions between Forum 66, Palace 66 in Shenyang, and Conrad Shenyang were launched to enhance awareness of the Hang Lung brand.

The **Center 66** mall in Wuxi delivered 40% more revenue against last year, benefiting from the continued migration of luxury brands to the mall from other shopping centers in the city. Tenant sales soared by 77%. The landmark status and luxurious position of the mall have further entrenched with a variety of premium brands and unique experiential offerings. More compelling promotional campaigns and fine-tunning of tenancy profile have been planned for sustainable growth in revenue and profit.

Olympia 66 in Dalian was successfully transformed into a luxury-led mall during the reporting year. A strategically calibrated tenant mix helped create several well-defined zones housing high-end luxury, trendy lifestyle, sportswear, and food & beverage tenants. Many top-tier brands commenced businesses in the mall during the second half of 2021. The mall's curated shopping experience has appealed to lifestyle-focused and brand-savvy customers. Compared with last year, revenue and tenant sales jumped by 21% and 89%, respectively. In April 2021, a passenger subway connecting the mall to a metro station on Line 2 was opened, adding convenience and bringing another stream of foot traffic.

The **Spring City 66** mall in Kunming generated 47% more revenue by capturing higher turnover rents through strong tenant sales and achieving positive rental reversion. The increasing popularity and success of our marketing campaigns and HOUSE 66 attracted more brands to us during the year. As the year progressed, numerous international brands established flagship or pop-up stores in our mall, including some first-in-Kunming luxury labels. The mall was almost fully let at the end of the year.

Our tenth mall on the Mainland, **Heartland 66** in Wuhan, opened for business in March 2021. Located on Jinghan Avenue in the bustling Qiaokou District—the commercial and business heart of Wuhan with mass transit railway accessibility—the mall's prime location ensures high connectivity and footfall. Performance has already exceeded expectations, with revenue reaching RMB153 million and tenant sales of almost RMB1 billion in less than ten months of operations. More than 250 brands were recruited, comprising a good mix of top-notch brands and tenants. Among them were notable brands making their debut in Wuhan. The mall's occupancy rate reached 84% by the end of the year.

Sub-luxury malls

Despite sluggish retail market sentiment owing to tightened social distancing measures following resurgences of COVID-19 cases in northern China, **Palace 66** in Shenyang recorded a respectable growth of 2% in revenue and 11% in tenant sales. Occupancy rose two points to 90%. We seized the opportunity to refresh and refine the tenant mix of Palace 66 by replacing non-performing tenants with more competitive and unique brands.

Parc 66 in Jinan recorded mild revenue growth of 3%. In pursuit of revitalizing the mall upon the tenth anniversary of its business operations, a three-year AEI began in June 2021 to uplift its positioning and further enrich its luxury content. Despite the ongoing AEI, tenant sales rose by 20% due to strong local demand for luxury items and the phased scheduling of renovation works during non-operating hours. The affected areas will re-open in stages starting from mid-2022. Leveraging our experience with major AEI programs in Shanghai, the thoroughly planned AEI at Parc 66 will strengthen the mall's long-term competitiveness and profitability.

Revenue from **Riverside 66** in Tianjin stayed flat compared to last year, and tenant sales was 28% higher. The mall expanded its offerings in 2021 by introducing popular brands in a spectrum of products and services, including fashion and accessories, sportswear, and food & beverage.

- *Offices*

The revenue of our office portfolio on the Mainland continued to be a stable and resilient income stream. It accounts for 17% of our total Mainland rental revenue. The total revenue increased by 16% as the occupancy rates of our three new towers that opened in 2019 and 2020 continued to rise. When excluding the effects of these new towers, our office portfolio generated organic revenue growth of 4% in a challenging market environment.

Property Leasing – Mainland China Office Portfolio

Name of Office and City	Revenue (RMB Million)			Year-End Occupancy Rate	
	2021	2020	Change	**2021**	2020
Plaza 66, Shanghai	**629**	606	4%	**97%**	93%
Forum 66, Shenyang	**132**	124	6%	**92%**	90%
Center 66, Wuxi [(a)]	**113**	96	18%	**88%**	72%
Spring City 66, Kunming [(b)]	**81**	37	119%	**71%**	41%
Heartland 66, Wuhan [(c)]	**46**	1	45 times	**57%**	15%
	1,001	864	16%		

(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

Despite increasing market competition, income from the two world-class office towers at **Plaza 66** in Shanghai increased slightly by 4% with a high occupancy rate and positive rental reversions. A wave of relocations and tenant expansions from the technology, media, telecommunications, finance, and pharmaceutical sectors introduced new demand for prime office space.

The office tower at **Forum 66** in Shenyang recorded a revenue growth of 6%, while the occupancy rate climbed to 92%. Despite significant supply of new office spaces in Shenyang, Forum 66 retained its market leadership by leveraging its top-graded design, build quality, prestigious location, and premium management services.

Driven by new tenants relocating from competing buildings and the internal expansions of existing tenants, the total income of the two office towers at **Center 66** in Wuxi advanced by 18%, while the overall occupancy rate rose by 16 points to 88%. Our first branded and self-operated multifunctional workspace, HANGOUT, continued to receive positive feedback from our tenants since its launch in 2020. The enhanced offering of this agile workspace attracted small-sized tenants of excellent caliber and further improved the occupancy rate.

Revenue from the two-year old office tower at **Spring City 66** in Kunming surged by 119% as the occupancy rate jumped 30 points to 71%. We accelerated the leasing pace by offering modular offices with high-standard fit-outs and furnishings. Despite ample office supply in Kunming, top-tier tenants chose Spring City 66 because of its prime location, premium facilities and value-added services.

Heartland 66 in Wuhan, the seventh office tower in our Mainland portfolio, commenced operations in November 2020. Rental revenue during the year reached RMB46 million with the year-end occupancy rate at 57%. The increasing popularity of Heartland 66 has already gained the property landmark status in Wuhan.

- *Hotel*

Conrad Shenyang demonstrated resilience despite international border restrictions and sporadic resurgences of COVID-19 cases in northern China. Revenue grew 18% to RMB94 million during the year. Room sales and food & beverage income gradually improved after the resumption of domestic travel and business conferences.

Hong Kong

Market sentiment in Hong Kong was improving throughout much of 2021 until concerns over the recent Omicron outbreak. In 2021, although the border remained closed for the whole year and social distancing measures continued, the government's electronic Consumption Voucher Scheme and various marketing campaigns by businesses, such as our "Go Shopping!" Rewards Program, stimulated the retail activities. Against such backdrop, full-year revenue retreated 7% to HK$3,382 million, with the year-on-year revenue fall in the second half reduced to 1% compared with a 12% decline in the first half. Overall, the operating profit for the year receded by 7% to HK$2,769 million, and the rental margin remained steady at 82%.

We took a more sales-driven approach in supporting our tenants as market sentiment continued to improve over time. The launch of the "hello Hang Lung Malls Rewards Program" along with the Hang Lung Malls App in March 2021 allowed us to better engage our customers and take the shopping experience to new heights. Through the Hang Lung Malls App, the "Go Shopping!" Rewards Program was launched in the second half of 2021 and stimulated tenant sales and footfall. In 2021, we also introduced initiatives worth HK$27 million in support of the government's COVID-19 vaccination drive. The campaign included free e-shopping coupons offered via the Hang Lung Malls App to members who were fully vaccinated by the end of September 2021. The majority of our tenants greatly supported our initiatives to bolster the vaccination drive. Tenant sales in 2021 rose 9% against 2020 with the second half generating year-on-year growth of 16%.

Properties located in Causeway Bay and Mongkok, as well as Peak Galleria, remained under pressure due to their exposure to tourism. Tenants of specific trades, such as cinemas, gyms, and restaurants, were more directly affected by social distancing measures imposed by the government.

Property Leasing – Hong Kong Portfolio

	Revenue (HK$ Million)			**Year-End Occupancy Rate**	
	2021	2020	Change	**2021**	2020
Retail	**1,983**	2,139	-7%	**97%**	97%
Offices	**1,157**	1,232	-6%	**87%**	88%
Residential & Serviced Apartments	**242**	263	-8%	**72%**	56%
Total	**3,382**	3,634	-7%		

- *Retail*

Revenue from our Hong Kong retail portfolio decreased by 7% to HK$1,983 million.

The **Causeway Bay portfolio** recorded a 14% drop in revenue due to inevitable negative rental reversions amid the absence of tourists. However, by introducing trades focused on domestic consumption, the occupancy rate reached 100% at the end of 2021, providing a solid foundation for future rental growth.

Our **Mongkok portfolio** posted a 17% rental drop caused by negative rental reversions. Although the former three-story anchor tenant at Gala Place vacated in late 2020, we were able to maintain full occupancy by the opening of the leading global athletic footwear brand Foot Locker, a new AEON STYLE concept store, and a new dining cluster in the basement.

Our community malls, **Kornhill Plaza in Hong Kong East** and **Amoy Plaza in Kowloon East**, were comparatively defensive, both recording a rental decline of 4%.

- *Offices*

Revenue declined by 6% to HK$1,157 million due to a drop in the average occupancy rate by three points to 87% and the granting of rent relief packages.

Fashion wholesalers and travel agencies, which are major segments of our tenant mix, have suffered during the pandemic. A high proportion of business closures in these two segments resulted in a 21% drop in revenue from our offices in Causeway Bay in 2021. The rental revenue generated from our offices in Mongkok declined mildly by 1% due to negative rental reversions. The revenue of our Central portfolio fell 4% with the occupancy rate at 82% at the end of the year after an anchor tenant downsized upon lease renewal in October 2021. We have diversified the product mix and tenancy profile by offering more refurbished units and sub-divided office spaces to meet changing market demands.

- *Residential & Serviced Apartments*

Due to stringent border restrictions and shrinking demand from expatriates, the revenue of our residential and serviced apartments segment retreated 8% from the preceding year to HK$242 million. With a more agile leasing strategy being adopted in the second half of 2021, the occupancy rate gradually improved by 16 points to 72% at the end of the year.

PROPERTY SALES

In June 2021, one house at Blue Pool Road was sold. The sales revenue and profit from this transaction will be recognized upon completion of legal assignment in the first quarter of 2022.

Pre-sale of The Aperture (皓日), a development project in Kowloon Bay located close to the MTR Kowloon Bay Station and the future East Kowloon Cultural Centre, commenced in December 2021. The project comprises 294 residential units with additional commercial areas on the podium floors. Up to December 31, 2021, 123 residential units were pre-sold at a total of HK$1,083 million. This revenue is expected to be recognized in 2023 upon sale completion.

As such, no property sales revenue was recorded during the reporting year. The operating loss from property sales for 2021 was HK$91 million, mainly representing the selling expenses for The Aperture (皓日), marketing expenses for Heartland Residences in Wuhan, and other operating expenditures.

We continued to seize opportunities to dispose of non-core investment properties for capital recycling. 34 car parking spaces were sold during the year, delivering total disposal gains of HK$17 million, recognized as Other Net Income.

PROPERTY REVALUATION

As of December 31, 2021, the total value of our investment properties and those under development amounted to HK$199,855 million, including the mainland China portfolio of HK$138,548 million and the Hong Kong portfolio of HK$61,307 million. These properties were appraised by Savills, an independent valuer, as of December 31, 2021.

A revaluation gain of HK$460 million was recorded (2020: loss of HK$6,664 million).

The mainland China portfolio recorded a revaluation gain of HK$1,750 million (2020: loss of HK$2,529 million), a 1% increase since the valuation at the end of 2020, largely reflecting the expected growth in the luxury malls. The valuation of offices remained relatively stable.

The Hong Kong portfolio had a revaluation loss of HK$1,290 million (2020: loss of HK$4,135 million), representing a 2% decrease against the value as of December 31, 2020. The decline was smaller compared with the 6% drop in 2020.

After the related deferred tax and non-controlling interests, an attributable net revaluation loss of HK$497 million was reported (2020: net revaluation loss of HK$6,772 million).

PROPERTY DEVELOPMENT AND CAPITAL COMMITMENT

The aggregated values of our projects under development for leasing and sale were HK$22,399 million and HK$9,765 million, respectively. These comprised mainland China projects in Wuhan, Wuxi, Kunming, Hangzhou, and Shenyang, and redevelopment projects in Hong Kong. As of the reporting date, our capital commitments for the development of investment properties amounted to HK$19 billion.

Mainland China

Heartland Residences (武漢恒隆府) in Wuhan, the inaugural project of our premium serviced residences brand on the Mainland, is situated in the immediate proximity of Heartland 66 and comprises three towers offering a total of more than 490 units. The project is scheduled for completion in phases from the second half of 2023. The pre-sale of the first batch of units is expected to commence in the first half of 2022.

Center Residences (無錫恒隆府) in Wuxi and an adjacent boutique hotel form the Phase 2 development of Center 66. The Residences comprise of two high-rise residential towers housing around 600 units. In addition, there will be a seven-story new-build tower plus a three-floor heritage building offering a total of 106 hotel rooms. Excavation and piling works are making good progress. The project is scheduled for completion in phases from 2024 onwards. Center Residences is expected to be launched for pre-sale from the end of 2022.

Grand Hyatt Residences Kunming (昆明君悅居) and **Grand Hyatt Kunming** are integral components of the remaining Spring City 66 development. The Residences sit above the hotel and house 254 apartments and three immaculate penthouses. Grand Hyatt Kunming features more than 330 guestrooms and suites. Site development kick-started following possession of the construction permit in May 2021. The pre-sale of the Residences is expected to be launched in the first half of 2023 with expected completion in phases from 2024 onwards, while the opening of the Grand Hyatt Kunming is planned for late 2023.

Westlake 66 in Hangzhou is an integrated high-end commercial development comprising a retail podium, five Grade A office towers, and a luxurious hotel — **Mandarin Oriental Hangzhou**. The piling works are making good progress. The project is scheduled for completion in phases from 2024 onwards. Mandarin Oriental Hangzhou, featuring more than 190 premium guestrooms and suites, is slated to open in 2025.

Forum Residences (瀋陽恒隆府) forms part of the mixed-use Forum 66 development in Shenyang. The remaining developments of Forum 66 yield a gross floor area of more than 500,000 square meters. The master layout plan is presently in the refining stage. The project is planned for pre-sale from 2024 onwards and completion in stages from 2027 onwards.

Hong Kong

The pre-sale of The Aperture (皓日) was launched in December 2021. Construction is on schedule and targeted for completion in 2023.

Construction works of the Grade A office tower redevelopment at 228 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 are underway, and the project is scheduled for completion in late 2022.

The land acquisition at 37 Shouson Hill Road in the Southern District of Hong Kong Island was completed in February 2021. The land site will be re-developed into luxurious detached houses and is now in the planning stage.

FINANCING MANAGEMENT

We have been maintaining an appropriate capital structure with multiple financing channels to ensure that financial resources are always available to meet operational needs and expansions. A sufficient level of standby banking facilities and other debt capital fundings has been in place to cushion Hang Lung Properties from any unexpected external economic shocks. 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 various 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 environmental, social and governance (ESG) initiatives, Hang Lung Properties continues to make more use of sustainable finance. During the year, we issued green bonds worth HK$3.2 billion, obtained HK$1.5 billion in green loan facilities and HK$7 billion in sustainability-linked loan facilities. These are collectively referred to as sustainable finance, which now accounts for 30% of our total debts and available facilities. We have plans to increase that proportion further.

- *Cash Management*

Total cash and bank balances at the reporting date by currency:

	At December 31, 2021		At December 31, 2020	
	HK$ Million	*% of Total*	HK$ Million	*% of Total*
Denominated in:				
HKD	**5,484**	*64%*	2,584	*41%*
RMB	**2,885**	*34%*	3,602	*57%*
USD	**146**	*2%*	133	*2%*
Total cash and bank balances	**8,515**	*100%*	6,319	*100%*

All deposits are placed with banks carrying strong credit ratings. The counterparty risk is routinely monitored.

- *Debt Portfolio*

At the balance sheet date, total borrowings amounted to HK$45,695 million (December 31, 2020: HK$37,917 million), of which 27% was denominated in RMB to act as a natural hedge to net investments in mainland China.

Our fixed-rate borrowings primarily consist of medium-term notes (MTNs) and bank loans that are converted to fixed-rate through the use of interest rate swaps. The percentage of fixed-rate borrowings fell to 48% of total borrowings as of December 31, 2021 following the (a) redemption of a USD500 million MTN and an RMB1,000 million Panda Bond in April 2021 and July 2021, respectively; (b) issuance of some MTNs in HKD and USD with an aggregate equivalent amount of HK$3.8 billion during the year.

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

(i) by currency (after currency swap):

	At December 31, 2021		At December 31, 2020	
	HK$ Million	*% of Total*	HK$ Million	*% of Total*
Denominated in:				
HKD	**33,196**	*73%*	25,007	*66%*
RMB	**12,499**	*27%*	12,910	*34%*
Total borrowings	**45,695**	*100%*	37,917	*100%*

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

	At December 31, 2021		At December 31, 2020	
	HK$ Million	*% of Total*	HK$ Million	*% of Total*
Fixed	**21,998**	*48%*	23,772	*63%*
Floating	**23,697**	*52%*	14,145	*37%*
Total borrowings	**45,695**	*100%*	37,917	*100%*

- *Gearing Ratios*

At the reporting date, the net debt balance amounted to HK$37,180 million (December 31, 2020: HK$31,598 million). The net debt to equity ratio was 24.4% (December 31, 2020: 21.3%), and the debt to equity ratio was 30.0% (December 31, 2020: 25.6%). The increase in both ratios was largely due to capital expenditures in both the Mainland and Hong Kong, as well as 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 65% of the loans were repayable after two years.

	At December 31, 2021		At December 31, 2020	
	HK$ Million	*% of Total*	HK$ Million	*% of Total*
Repayable:				
Within 1 year	**8,079**	*18%*	7,464	*20%*
After 1 but within 2 years	**7,566**	*17%*	8,585	*23%*
After 2 but within 5 years	**23,868**	*52%*	18,645	*49%*
Over 5 years	**6,182**	*13%*	3,223	*8%*
Total borrowings	**45,695**	*100%*	37,917	*100%*

As of December 31, 2021, the total undrawn committed banking facilities amounted to HK$14,645 million (December 31, 2020: HK$12,563 million). The available balances of the USD4 billion (December 31, 2020: USD4 billion) MTN program amounted to USD1,760 million, equivalent to HK$13,722 million (December 31, 2020: HK$12,945 million).

- *Net Finance Costs and Interest Cover*

For the year ended December 31, 2021, gross finance costs increased 1% to HK$1,487 million. The effect of the increase in total borrowings was partially offset by a drop in the average effective cost of borrowings which was lowered to 3.7% (2020: 4.4%), 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$487 million partly because of the increase in gross finance costs and also a decrease in finance costs capitalized for projects under development after the completion of the mall and office at Heartland 66 in Wuhan.

Interest cover for 2021 was 5 times (2020: 4 times).

- *Foreign Exchange Management*

Normal operations in mainland China and MTNs denominated in USD expose our business activities to foreign exchange fluctuations. Appropriate measures have been taken to reduce 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 December 31, 2021, net assets denominated in RMB accounted for approximately 74% of our total net assets. The RMB appreciated against the HKD by 2.9% 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$3,173 million (2020: HK$6,233 million), recognized in other comprehensive income/exchange reserve.

Our business operations and projects under development in mainland China are funded by a combination of cash inflows from local operations, RMB borrowings, and capital injections from Hong Kong. We have adopted a systematic approach to mitigate currency risks and practice 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 any changing circumstances.

(b) USD Exposure

Our USD foreign exchange exposure is related to the USD550 million fixed-rate bonds issued, equivalent to HK$4,289 million at the reporting date. The related currency exchange risk was covered back-to-back by USD/HKD cross-currency swap contracts.

- *Charge of Assets*

Assets of Hang Lung Properties were not charged to any third parties as of December 31, 2021.

- *Contingent Liabilities*

Hang Lung Properties did not have any material contingent liabilities as of December 31, 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 decades. The introduction of a new expression of our vision, mission, and values places sustainability as a core 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.

Our Sustainability Goals and Targets for 2030 continue to be an operational priority in support of our ambition to become one of the most sustainable real estate companies in the world. In December 2021, we are taking another big step forward by setting out 25 targets to be achieved by the end of 2025 ("**25 x 25 Sustainability Targets**"). The **25 x 25 Sustainability Targets** address our four priorities of Climate Resilience, Resource Management, Wellbeing and Sustainable Transactions, providing all employees with a clear agenda over the next four years. They include concrete measures we will pursue on a wide range of sustainability challenges and will help ensure the Company is on track to achieve our long-term ambition.

Another exciting development during the reporting year was that Spring City 66 in Kunming is powered by 100% renewable energy beginning from December 2021, making it the first development of Hang Lung and the first commercial complex in Yunnan Province to achieve net zero carbon emissions in terms of annual electricity consumption for both landlords' and tenants' operations. The renewable energy procurement will provide approximately 57,800MWh of electricity per year from solar and wind, and thereby reduce the property's carbon emissions by approximately 46,471 tonnes per year. The transaction will take the Company's own usage of renewable electricity in its Mainland developments to over 14%. Also, during the reporting year, we launched our first-ever employee engagement survey to better understand the needs and aspirations of our people. Drawing on the survey results, every department is now implementing plans to strengthen employee engagement.

In the coming 12 months, more than HK$300 million of our spending will be on ESG priorities. Our primary focus of this increased spending will be on carbon emissions reduction through energy efficiency initiatives. 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

Our Mainland portfolio is expected to continue to be the growth driver in 2022. We will continue to increase the collection of luxury brands in our malls and collaborate with them on strategic marketing initiatives through HOUSE 66. The steady leasing pace of our new office towers will carry forward into 2022, driving up the overall occupancy and contributions of our office portfolio.

The performance of our Hong Kong portfolio will hinge upon the situation of COVID-19 and various government measures relating to the containment of the pandemic. We will continue to optimize our tenant mix, retain quality tenants, and step up our customer engagement to capture local consumption and overcome the challenges ahead.

On the property sale side, we expect the Mainland’s demand for high-end residential properties to remain strong. Hang Lung Residences (恒隆府), our premium serviced residences brand in Wuhan, Wuxi, and Shenyang, and our hotel-branded residences in Kunming, are dedicated to demonstrating Hang Lung’s commitment to enriching the lives of the communities we serve by building a sustainable future together. Those will further enrich the total offerings and enhance the premium positioning of our overall portfolio. We will launch the pre-sale of our Heartland Residences in Wuhan in the first half of 2022, followed by our Center Residences in Wuxi from the end of 2022.

In Hong Kong, our redevelopment projects are making headway. The response from The Aperture (皓日) pre-sale since December 2021 has been positive. We will continue to look for opportunities to sell development properties and dispose of non-core assets in Hong Kong to support capital recycling into new projects with higher returns.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2021 (AUDITED)

	Note	**2021 HK$ Million**	2020 HK$ Million	*For information purpose only* **2021 RMB Million**	2020 RMB Million
Revenue	2(a)	**10,321**	8,973	**8,563**	7,970
Direct costs and operating expenses		**(2,950)**	(2,492)	**(2,447)**	(2,210)
		7,371	6,481	**6,116**	5,760
Other net income	3	**55**	50	**46**	44
Administrative expenses		**(592)**	(531)	**(491)**	(476)
Profit from operations before changes in fair value of properties		**6,834**	6,000	**5,671**	5,328
Net increase/(decrease) in fair value of properties	2(b)	**460**	(6,664)	**382**	(5,947)
Profit/(loss) from operations after changes in fair value of properties		**7,294**	(664)	**6,053**	(619)
Interest income		**73**	63	**61**	55
Finance costs		**(487)**	(174)	**(404)**	(152)
Net interest expense	4	**(414)**	(111)	**(343)**	(97)
Share of profits/(losses) of joint ventures		**8**	(88)	**7**	(76)
Profit/(loss) before taxation	5	**6,888**	(863)	**5,717**	(792)
Taxation	6	**(2,083)**	(1,193)	**(1,723)**	(1,050)
Profit/(loss) for the year	2(b)	**4,805**	(2,056)	**3,994**	(1,842)
Attributable to:					
Shareholders		**3,868**	(2,571)	**3,217**	(2,297)
Non-controlling interests		**937**	515	**777**	455
Profit/(loss) for the year		**4,805**	(2,056)	**3,994**	(1,842)
Earnings/(loss) per share	8(a)				
Basic		**HK$0.86**	(HK$0.57)	**RMB0.72**	(RMB0.51)
Diluted		**HK$0.86**	(HK$0.57)	**RMB0.72**	(RMB0.51)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2021 (AUDITED)

			For information purpose only	
	2021 HK$ Million	2020 HK$ Million	**2021 RMB Million**	2020 RMB Million
Profit/(loss) for the year	**4,805**	(2,056)	**3,994**	(1,842)
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	**3,182**	6,313	**(879)**	(2,469)
Net investment hedge — net loss	**(9)**	(80)	**(8)**	(69)
Movement in hedging reserve:				
Effective portion of changes in fair value	**51**	(132)	**42**	(117)
Net amount transferred to profit or loss	**6**	62	**5**	55
Deferred tax	**(7)**	10	**(6)**	9
Item that will not be reclassified to profit or loss:				
Net change in fair value of equity investments	**1**	(10)	**1**	(8)
Other comprehensive income for the year, net of tax	**3,224**	6,163	**(845)**	(2,599)
Total comprehensive income for the year	**8,029**	4,107	**3,149**	(4,441)
Attributable to:				
Shareholders	**6,792**	2,988	**2,368**	(4,899)
Non-controlling interests	**1,237**	1,119	**781**	458
Total comprehensive income for the year	**8,029**	4,107	**3,149**	(4,441)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT DECEMBER 31, 2021 (AUDITED)

	Note	2021 HK$ Million	2020 HK$ Million	*For information purpose only* 2021 RMB Million	*For information purpose only* 2020 RMB Million
Non-current assets					
Property, plant and equipment					
Investment properties	9	**177,456**	164,322	**145,088**	138,157
Investment properties under development	9	**22,399**	27,544	**18,313**	23,181
Other property, plant and equipment		**290**	253	**237**	213
		200,145	192,119	**163,638**	161,551
Interests in joint ventures		**1,131**	1,161	**925**	974
Other assets		**78**	77	**64**	65
Deferred tax assets		**77**	84	**63**	70
		201,431	193,441	**164,690**	162,660
Current assets					
Cash and deposits with banks		**8,515**	6,319	**6,962**	5,307
Trade and other receivables	10	**3,499**	3,499	**2,861**	2,942
Properties for sale		**10,790**	7,988	**8,822**	6,713
Assets held for sale	11	**-**	69	**-**	58
		22,804	17,875	**18,645**	15,020
Current liabilities					
Bank loans and other borrowings		**8,079**	7,464	**6,605**	6,269
Trade and other payables	12	**10,895**	10,978	**8,908**	9,233
Lease liabilities		**31**	26	**25**	22
Current tax payable		**497**	606	**406**	510
		19,502	19,074	**15,944**	16,034
Net current assets/(liabilities)		**3,302**	(1,199)	**2,701**	(1,014)
Total assets less current liabilities		**204,733**	192,242	**167,391**	161,646
Non-current liabilities					
Bank loans and other borrowings		**37,616**	30,453	**30,755**	25,582
Lease liabilities		**305**	302	**249**	254
Deferred tax liabilities		**14,428**	13,299	**11,796**	11,192
		52,349	44,054	**42,800**	37,028
NET ASSETS		**152,384**	148,188	**124,591**	124,618
Capital and reserves					
Share capital		**39,950**	39,916	**37,462**	37,434
Reserves		**101,769**	98,379	**78,409**	78,858
Shareholders' equity		**141,719**	138,295	**115,871**	116,292
Non-controlling interests		**10,665**	9,893	**8,720**	8,326
TOTAL EQUITY		**152,384**	148,188	**124,591**	124,618

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The financial information relating to the years ended December 31, 2021 and 2020 included in this announcement of annual results does not constitute the statutory annual consolidated financial statements of Hang Lung Properties Limited (the "Company") and its subsidiaries (collectively the "Group") for those years but is derived from those consolidated financial statements in accordance with section 436 of the Hong Kong Companies Ordinance (Cap.622). The Company has delivered the consolidated 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 and will deliver the consolidated financial statements for the year ended December 31, 2021 in due course. The Company's auditor has reported on the consolidated financial statements for both years. The auditor's reports were unqualified and they did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports, and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

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

1. BASIS OF PREPARATION (Continued)

The significant accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2020.

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.

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 interests in joint ventures, other assets, deferred tax assets and cash and deposits with banks.

(a) Disaggregation of revenue

Revenue for the year is analyzed as follows:

HK$ Million	**2021**	2020
Under the scope of HKFRS 16, *Leases*:		
Rental income	**9,217**	7,990
Under the scope of HKFRS 15, *Revenue from contracts with customers*:		
Sales of completed properties	**-**	62
Building management fees and other income from property leasing	**1,104**	921
	1,104	983
	10,321	8,973

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	**6,939**	**-**	**6,939**	5,277	-	5,277
- Hong Kong	**3,382**	**-**	**3,382**	3,634	62	3,696
	10,321	**-**	**10,321**	8,911	62	8,973
Profit/(loss) from operations before changes in fair value of properties						
- Mainland China	**4,349**	**(38)**	**4,311**	3,202	(8)	3,194
- Hong Kong	**2,559**	**(36)**	**2,523**	2,752	54	2,806
	6,908	**(74)**	**6,834**	5,954	46	6,000
Net increase/(decrease) in fair value of properties	**460**	**-**	**460**	(6,664)	-	(6,664)
- Mainland China	**1,750**	**-**	**1,750**	(2,529)	-	(2,529)
- Hong Kong	**(1,290)**	**-**	**(1,290)**	(4,135)	-	(4,135)
Net interest expense	**(414)**	**-**	**(414)**	(111)	-	(111)
- Interest income	**73**	**-**	**73**	63	-	63
- Finance costs	**(487)**	**-**	**(487)**	(174)	-	(174)
Share of profits/(losses) of joint ventures	**8**	**-**	**8**	(88)	-	(88)
Profit/(loss) before taxation	**6,962**	**(74)**	**6,888**	(909)	46	(863)
Taxation	**(2,092)**	**9**	**(2,083)**	(1,184)	(9)	(1,193)
Profit/(loss) for the year	**4,870**	**(65)**	**4,805**	(2,093)	37	(2,056)
Net profit/(loss) attributable to shareholders	**3,933**	**(65)**	**3,868**	(2,608)	37	(2,571)

2. REVENUE AND SEGMENT INFORMATION (Continued)

(c) Total segment assets

HK$ Million	2021			2020		
	Property Leasing	**Property Sales**	**Total**	Property Leasing	Property Sales	Total
Mainland China	**141,263**	**4,883**	**146,146**	133,028	3,735	136,763
Hong Kong	**62,351**	**5,937**	**68,288**	62,589	4,323	66,912
	203,614	**10,820**	**214,434**	195,617	8,058	203,675
Interests in joint ventures			**1,131**			1,161
Other assets			**78**			77
Deferred tax assets			**77**			84
Cash and deposits with banks			**8,515**			6,319
			224,235			211,316

3. OTHER NET INCOME

HK$ Million	2021	2020
Government grants	**29**	21
Gain on disposal of investment properties	**17**	2
Ineffectiveness on cash flow hedges	**-**	1
Dividend income from equity investments measured at FVTOCI	**1**	-
Others	**8**	26
	55	50

4. NET INTEREST EXPENSE

HK$ Million	2021	2020
Interest income on bank deposits	**73**	63
Interest expense on bank loans and other borrowings	**1,410**	1,403
Interest on lease liabilities	**16**	15
Other borrowing costs	**61**	52
Total borrowing costs	**1,487**	1,470
Less: Borrowing costs capitalized	**(1,000)**	(1,296)
Finance costs	**487**	174
Net interest expense	**(414)**	(111)

5. PROFIT/(LOSS) BEFORE TAXATION

HK$ Million	**2021**	2020
Profit/(loss) before taxation is arrived at after charging:		
Cost of properties sold	**-**	5
Staff costs (Note)	**1,485**	1,272
Depreciation	**61**	48

Note: The staff costs included employee share-based payments of HK$66 million (2020: HK$55 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$1,793 million (2020: HK$1,559 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 year. 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	**303**	394
Under-provision in prior years	**2**	2
	305	396
Mainland China Income Tax	**1,041**	797
Total current tax	**1,346**	1,193
Deferred tax		
Changes in fair value of properties	**621**	(42)
Other origination and reversal of temporary differences	**116**	42
Total deferred tax	**737**	-
Total income tax expense	**2,083**	1,193

7. DIVIDENDS

(a) Dividends attributable to the year

HK$ Million	**2021**	2020
Interim dividend declared and paid of HK18 cents (2020: HK17 cents) per share	**810**	765
Final dividend of HK60 cents (2020: HK59 cents) per share proposed after the end of the reporting period	**2,699**	2,653
	3,509	3,418

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

(b) The final dividend of HK$2,653 million (calculated based on HK59 cents per share and the total number of issued shares as of the dividend pay-out date) for the year ended December 31, 2020 were approved and paid in the year ended December 31, 2021 (2020: final dividend of HK$2,653 million).

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	**3,868**	(2,571)

	Number of shares	
	2021	2020
Weighted average number of shares used in calculating basic earnings/(loss) per share	**4,498,743,158**	4,497,730,513
Effect of dilutive potential ordinary shares – share options	**59,576**	-
Weighted average number of shares used in calculating diluted earnings/(loss) per share	**4,498,802,734**	4,497,730,513

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	**3,868**	(2,571)
Effect of changes in fair value of properties	**(460)**	6,664
Effect of corresponding income tax	**621**	(42)
Effect of changes in fair value of investment properties of joint ventures	**28**	129
	189	6,751
Non-controlling interests	**308**	21
	497	6,772
Underlying net profit attributable to shareholders	**4,365**	4,201

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

	2021	2020
Basic	**HK$0.97**	HK$0.93
Diluted	**HK$0.97**	HK$0.93

9. INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES UNDER DEVELOPMENT

(a) Additions

During the year, additions to investment properties and investment properties under development amounted to HK$2,254 million (2020: HK$5,235 million).

(b) Valuation

The investment properties and investment properties under development of the Group were revalued as of December 31, 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	**2021**	2020
Not past due or less than 1 month past due	**117**	115
1 – 3 months past due	**7**	25
More than 3 months past due	**4**	11
	128	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$306 million (2020: HK$297 million).

11. ASSETS HELD FOR SALE

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	**2021**	2020
Due within 3 months	**1,666**	4,339
Due after 3 months	**3,141**	2,021
	4,807	6,360

(b) Included in trade and other payables is an amount of HK$601 million (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 December 31, 2021, the number of employees was 4,165 (comprising 1,052 Hong Kong employees and 3,113 mainland China employees). The total employee costs for the year ended December 31, 2021, amounted to HK$1,793 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 scheme 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 USD500 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 year.

Compliance with Corporate Governance Code

During the year, 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.

Audit Committee

The annual results for the year ended December 31, 2021, have been reviewed by the Audit Committee of the Company. Hang Lung Properties' consolidated financial statements have been audited by the Company's auditor, KPMG, and it has issued an unmodified opinion.

Book Close Dates

For ascertaining shareholders' right to attend and vote at the Annual General Meeting (AGM)

Book close dates (both days inclusive)	April 22 to 27, 2022
Latest time to lodge transfers	4:30 pm on April 21, 2022
Record date	April 27, 2022
AGM	April 27, 2022

For ascertaining shareholders' entitlement to the proposed final dividend

Book close date	May 4, 2022
Latest time to lodge transfers	4:30 pm on May 3, 2022
Record date	May 4, 2022
Final dividend payment date	May 19, 2022

On Behalf of the Board
Ronnie C. Chan
Chair

Hong Kong, January 27, 2022

As of the date of this announcement, the board of directors of the Company comprises:
Executive Directors: Mr. Ronnie C. CHAN, Mr. Adriel CHAN, Mr. Weber W.P. LO, Mr. H.C. HO and Mr. Kenneth K.K. CHIU
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 year (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

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

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

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

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

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

$$\text{Payout ratio} = \frac{\text{Dividends attributable to the year}}{\text{Net profit attributable to shareholders}}$$