恒基兆業地產有限公司
HENDERSON LAND DEVELOPMENT COMPANY LIMITED

Stock Code: 12

Bridging Green and Innovation

Annual Report 2021

Corporate Profile

Founded in 1976 by Dr The Honourable Lee Shau Kee, GBM, Henderson Land Development Company Limited is a leading property group with a focus on Hong Kong and mainland China. Its core businesses comprise property development and property investment. In addition, the Company has direct equity interests in two listed subsidiaries, Henderson Investment Limited and Miramar Hotel and Investment Company, Limited, and two listed associates, The Hong Kong and China Gas Company Limited (which in turn has equity stakes in a listed subsidiary, Towngas Smart Energy Company Limited) and Hong Kong Ferry (Holdings) Company Limited.

The Company has been listed in Hong Kong since 1981 where it is one of the largest property groups. As at 31 December 2021, the Company had a market capitalisation of HK$161 billion and the combined market capitalisation of the Company, its listed subsidiaries and associates was about HK$421 billion.

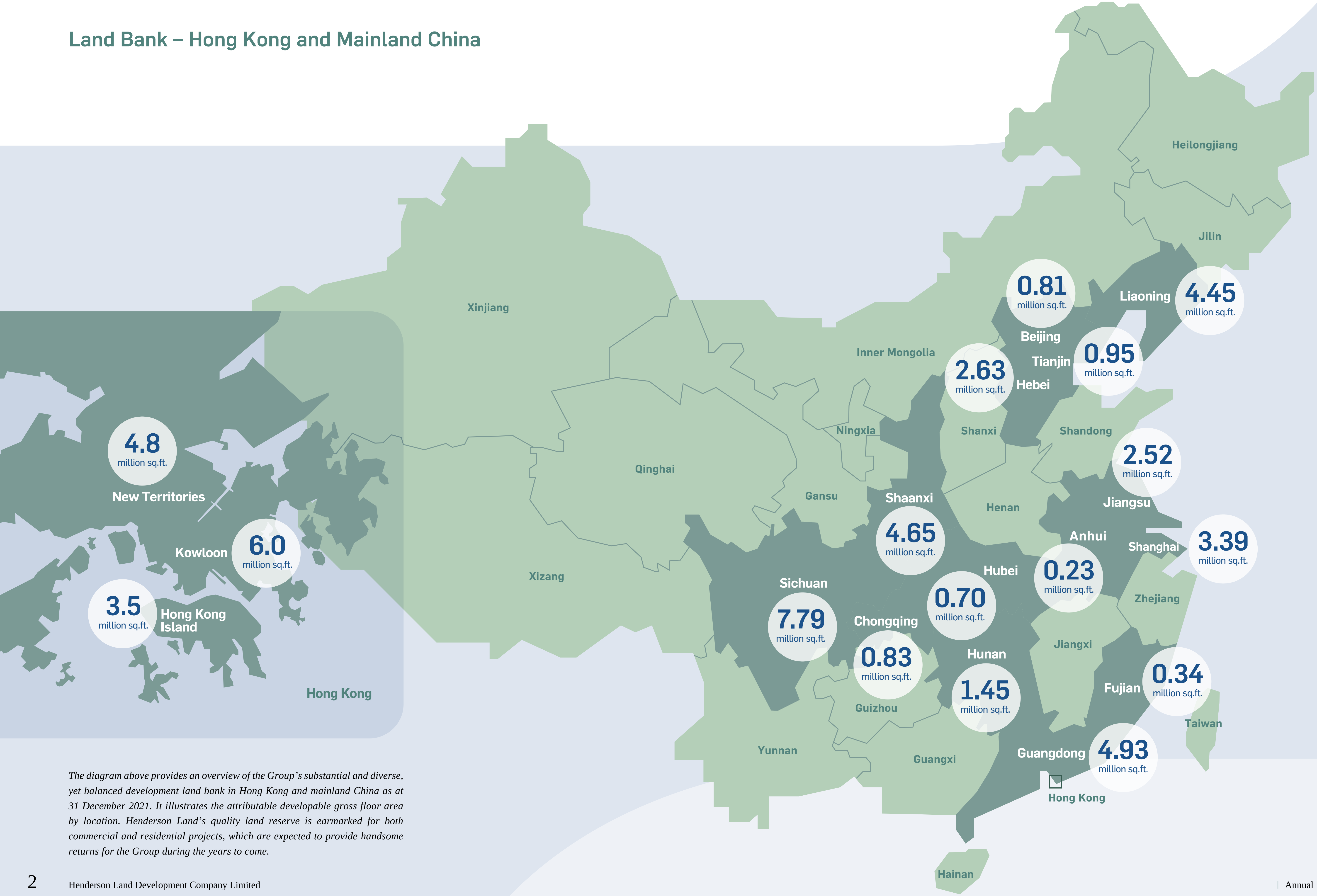
The Company is vertically integrated, with project management, construction, property management, and financial services supporting its core businesses. In all aspects of its operations, Henderson Land strives to add value for its shareholders, customers and the community through its commitment to excellence in product quality and service delivery as well as a continuous focus on sustainability and the environment.

Contents

FORWARD-LOOKING STATEMENTS

This annual report contains certain statements that are forward looking or which use certain forward-looking terminologies. These forward-looking statements are based on the current beliefs, assumptions and expectations of the Board of Directors of the Company regarding the industry and markets in which it operates. These forward-looking statements are subject to risks, uncertainties and other factors beyond the Company's control which may cause actual results or performance to differ materially from those expressed or implied in such forward-looking statements.

Land Bank – Hong Kong and Mainland China



The diagram above provides an overview of the Group's substantial and diverse, yet balanced development land bank in Hong Kong and mainland China as at 31 December 2021. It illustrates the attributable developable gross floor area by location. Henderson Land's quality land reserve is earmarked for both commercial and residential projects, which are expected to provide handsome returns for the Group during the years to come.

Awards & Accolades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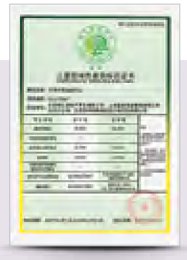
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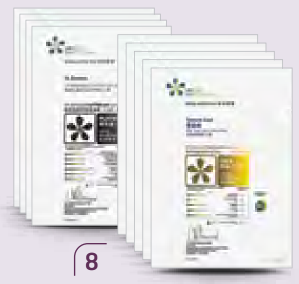
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Sustainability Awards 2021

1. **Asia Pacific Property Awards 2021-2022**
   Best Residential High Rise Development Hong Kong –
   5-Star Winner (The Reach)
   Best Mixed Use Development Hong Kong –
   5-Star Winner (280 Tung Chau Street)
   Mixed Use Development Hong Kong –
   Award Winner
   (25-29 Kok Cheung Street, Tai Kok Tsui)
2. **China Healthy Building Design Label**
   3-Star Rating (Caine Hill)
3. **China Green Building Label**
   2-Star Rating
   (World Financial Centre, Beijing)
4. **Global Most Innovative Knowledge Enterprise (MIKE) Award 2021**
5. **Hong Kong Most Innovative Knowledge Enterprise (MIKE) Award 2021**
6. **ESG Leading Enterprise Awards 2021**
   ESG Leading Enterprise Awards
   Leading Environmental Initiative Awards
   Leading Social Initiative Awards
7. **Leadership in Energy and Environmental Design (LEED)**
   Final Platinum (Harbour East)
8. **BEAM Plus (New Buildings)**
   Final Gold Rating (NOVUM EAST)
   Final Platinum Rating (Harbour East, H Zentre)
   Final Silver Rating
   (Eltanin • Square Mile, H • BONAIRE)
   Provisional Gold Rating
   (Fanling Sheung Shui Town Lot No. 262, Fanling North)
   Provisional Platinum Rating
   (The Henley,
   New Kowloon Inland Lot No. 6562, Kai Tak)
   Provisional Bronze Rating
   (208 JOHNSTON)
9. **WELL Health-Safety Rating**
   (Henderson 688, Shanghai)
10. **WELL Building Standard**
    Pre-certification
    (Fanling Sheung Shui Town Lot No. 262, Fanling North)
11. **ESG Achievement Awards 2020**
    ESG Benchmark Awards –
    The ESG Leader – Diamond
    ESG Benchmark Awards –
    Outstanding Performance in Social Responsibility – Winner
12. **MIPIM Asia Awards 2021**
    Best Futura Mega Project – Finalist
    (Whampoa Street)

The Henderson

China Healthy Building Design Label
3-Star Rating


Asia Pacific Property Awards 2021-2022
Best Commercial High Rise Architecture Hong Kong – 5-Star Winner

Real Estate Asia Awards 2021
Sustainable Development of the Year – Hong Kong
Office Development of the Year – Hong Kong

Other Award Highlights

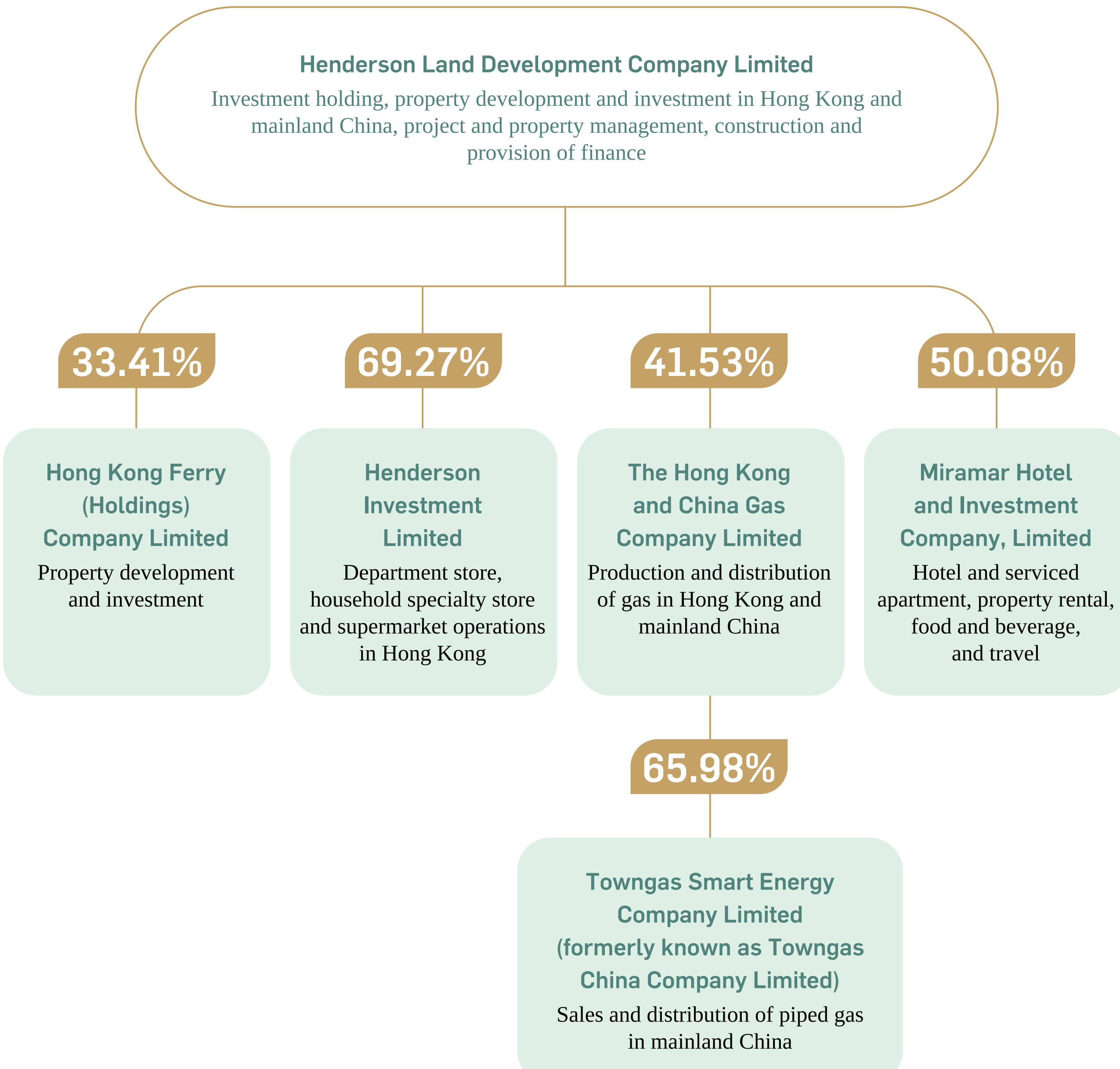
Hang Seng Corporate Sustainability Index Series Member 2021-2022



Group Structure

Henderson Land Group Structure

Market capitalisation as at 31 December 2021
Henderson Land Development Company Limited: HK$161 billion
Six listed companies of Henderson Land Group: HK$421 billion



Note: All attributable interests shown above were figures as of 31 December 2021.

Highlights of 2021 Final Results

	Note	For the year ended 31 December **2021** **HK$ million**	2020 HK$ million	Change
Property sales				
– Revenue	*1*	**18,427**	21,108	**-13%**
– Pre-tax profit contribution	*1, 5*	**5,796**	9,649	**-40%**
Property leasing				
– Gross rental income	*1*	**8,631**	8,603	**+0.3%**
– Pre-tax net rental income	*1*	**6,182**	6,467	**-4%**
Profit attributable to equity shareholders				
– Underlying profit	*2, 6*	**13,624**	14,899	**-9%**
– Reported profit	*7*	**13,195**	10,192	**+29%**
		HK$	HK$	
Earnings per share				
– Based on underlying profit	*2, 3, 6*	**2.81**	3.08	**-9%**
– Based on reported profit	*3, 7*	**2.73**	2.11	**+29%**
Dividends per share		**1.80**	1.80	**No change**
	Note	**At 31 December 2021 HK$**	At 31 December 2020 HK$	**Change**
Net asset value per share	*3*	**69.20**	67.67	**+2%**
Net debt to shareholders' equity		**27.5%**	25.6% (restated)	**+1.9 percentage points**
	Note	**Million square feet**	Million square feet	
Properties in Hong Kong				
Land bank (attributable floor area)				
– Properties held for/under development	*4*	**14.3**	13.6	
– Unsold units from major launched projects		**0.9**	0.8	
Sub-total:		**15.2**	14.4	
– Completed properties (including hotels) for rental		**10.2**	10.0	
Total:		**25.4**	24.4	
New Territories land (attributable land area)		**44.9**	44.4	
Properties in Mainland China				
Land bank (attributable floor area)				
– Properties held for/under development		**35.7**	30.1	
– Completed stock for sale		**1.2**	0.8	
– Completed properties for rental		**8.1**	7.9	
Total:		**45.0**	38.8	

Note 1: This amount includes the Group's attributable share of contributions from subsidiaries, associates and joint ventures ("JVs").

Note 2: Excluding the Group's attributable share of fair value change (net of tax) of the investment properties held by subsidiaries, associates and JVs.

Note 3: The earnings per share were calculated based on the weighted average number of shares under Hong Kong Accounting Standard 33, "Earnings Per Share". The net asset value per share was calculated based on the number of issued shares outstanding at 31 December 2021 and 31 December 2020.

Note 4: Including the total attributable developable area of about 3.9 million sq. ft. from Fanling North and other projects, which are subject to finalisation of land premium.

Note 5: The decrease in profit was mainly due to a profit contribution of about HK$3,629 million being recognised in the previous year arising from the transfer of the Group's equity interest in the company owning certain land lots in Wo Shang Wai, the New Territories.

Note 6: During the year under review, an attributable gain of HK$1,889 million was recorded as a result of the consolidation of assets and liabilities of Miramar re-measured at fair value on 14 April 2021 upon becoming a subsidiary of the Group, whereas a profit contribution of about HK$3,629 million was recorded in the previous year as mentioned in Note 5.

Note 7: The increase in reported profit was mainly due to an attributable share of fair value loss of HK$429 million which was recorded during the year, compared with HK$4,707 million last year.

THE HENDERSON

CENTRAL
HONG KONG

The Henderson, Hong Kong
by Zaha Hadid Architects for Henderson Land
Render by Cosmoscube

Chairmen's Statement

Profit Attributable to Shareholders

The Group's underlying profit attributable to equity shareholders for the year ended 31 December 2021 was HK$13,624 million, representing a decrease of HK$1,275 million or 9% from HK$14,899 million for the previous year. During the year under review, an attributable gain of HK$1,889 million was recorded as a result of the consolidation of assets and liabilities of Miramar Hotel and Investment Company, Limited ("Miramar") re-measured at fair value on 14 April 2021 upon becoming a subsidiary of the Group. The decrease in underlying profit was mainly due to an underlying profit contribution of about HK$3,629 million was recognised in the previous year arising from the transfer of the Group's equity interest in the company owning certain land lots in Wo Shang Wai, the New Territories. Underlying earnings per share were HK$2.81 (2020: HK$3.08).

During the year under review, an attributable share of fair value loss of HK$429 million (2020: HK$4,707 million) (which included the adjustments of cumulative fair value change of investment properties disposed of during the year) was recorded after revaluation of the Group's completed investment properties and investment properties under development. Including such fair value loss, the Group's reported profit attributable to equity shareholders for the year under review amounted to HK$13,195 million, representing an increase of HK$3,003 million or 29% over that of HK$10,192 million for the previous year. Reported earnings per share were HK$2.73 (2020: HK$2.11).

Dividends

The Board recommends the payment of a final dividend of HK$1.30 per share to shareholders whose names appear on the Register of Members of the Company on Friday, 10 June 2022, and such final dividend will not be subject to any withholding tax in Hong Kong. Including the interim dividend of HK$0.50 per share already paid, the total dividend for the year ended 31 December 2021 will amount to HK$1.80 per share (2020: HK$1.80 per share).

The proposed final dividend is expected to be distributed to shareholders on Tuesday, 21 June 2022.

Business Review

Hong Kong

Property Sales

In 2021, the Government rolled out a mass vaccination programme. Following a short-term stabilisation of the epidemic situation in Hong Kong, certain social distancing measures were relaxed and various sectors resumed their normal activities once again. Despite ongoing cross-border travel restrictions, the low interest-rate environment and local housing demand continued to bode well for the housing market in Hong Kong.

During the year under review, the attributable revenue and pre-tax profit contribution from the Group's property sales in Hong Kong amounted to approximately HK$11,618 million and HK$4,193 million respectively, representing year-on-year decreases of 17% and 46% respectively. The decreases were mainly due to the revenue of about HK$4,700 million, as well as its related profit contribution of about HK$3,629 million, being recognised in the previous year arising from the transfer of the Group's equity interest in the company holding the Wo Shang Wai project.

During the year, the Group launched an array of urban projects for sale, including "The Henley (Phase 1 and Phase 3)" in Kai Tak, "The Upper South" in Ap Lei Chau, "The Holborn" in Quarry Bay and "Caine Hill" in Mid-Levels. "Caine Hill" was well received by the market and over 84% of the launched residential units were sold at the end of this financial year. "The Hampstead Reach" in Yuen Long and "Skypoint Royale" ("The Royale" – Phase 3) in Tuen Mun which was developed by the Group's associate – Hong Kong Ferry (Holdings) Company Limited, both in the New Territories, were also released in this financial year. All these developments sold well. Together with the sales of the current launched projects and some other properties (including car parks), the Group achieved attributable contracted sales of approximately HK$14,191 million in Hong Kong for the year ended 31 December 2021, representing a year-on-year increase of 77%.

Dr LEE Ka Shing
GBS, JP, DSSc (Hon)
Chairman and
Managing Director

Dr LEE Ka Kit
GBS, JP, DBA (Hon)
Chairman and
Managing Director

Caine Hill, Mid-Levels, Hong Kong (artist's impression)

At the end of December 2021, attributable contracted sales of approximately HK$13,414 million are yet to be recognised in the accounts, of which approximately HK$10,872 million is scheduled for recognition in 2022 upon completion of development and handover to buyers.

After the end of this financial year, the Group released "The Harmonie" in Cheung Sha Wan for sale in January 2022. The market response was encouraging, even amid the latest wave of local epidemic. Almost all the launched residential units were sold.

Property Development

During the year under review, the Group acquired the prestigious Site 3 of New Central Harbourfront (Inland Lot No. 9088) at a consideration of HK$50,800 million. The site will be developed in two phases into a 1,600,000-square-foot mixed-use development. In addition, over 300,000 square feet of landscaped open space will be created for public use. With the scheduled completion in 2027 and 2032 respectively for its two-phased development, this project is poised to feature as another iconic world-class landmark in the Central Business District of Hong Kong akin to the "International Finance Centre" and "The Henderson".

Meanwhile, the Group was also awarded the tender for Bailey Street/Wing Kwong Street Development Project in To Kwa Wan by the Urban Renewal Authority with a tender amount at HK$8,189 million. Pursuant to the shareholders' agreement subsequently entered into in February 2022, this project will be jointly developed with Empire Development Hong Kong (BVI) Limited and Hysan Development Company Limited into a development with residential units, commercial properties and public car parks, providing a total gross floor area of over 700,000 square feet upon completion. This joint venture project is 50% owned by the Group.

As regards urban redevelopment projects (including the projects awarded by the Urban Renewal Authority), projects with 80% to 100% ownership secured amounted to 3.85 million square feet in total attributable gross floor area, in addition to a total of approximately 0.6 million square feet in attributable gross floor area that has been earmarked for sales launch in 2022.

The Group has made use of a multi-faceted approach to replenish its development land bank in Hong Kong. Except for certain projects earmarked for rental purposes, there will be an ample supply of saleable areas for the Group's property sales in the coming years as referred to in the following tables:

Below is a summary of properties held for/under development and major completed stock:

			Attributable saleable/ gross floor area (million sq. ft.) *(Note 1)*	Remarks
(A)	**Area available for sale in 2022**			
1.	Unsold units from the major development projects offered for sale	(Table 1)	0.9	
2.	Projects pending sale in 2022	(Table 2)	2.3	
		Sub-total:	**3.2**	
(B)	**Projects in Urban Areas**			
3.	Existing Urban Redevelopment Projects	(Table 3)	0.9	Dates of sales launch are not yet fixed and one of them is pending finalisation of the amount of land premium with the Government
4.	Newly-acquired Urban Redevelopment Projects			
	4.1 with ownership fully consolidated	(Table 4)	2.9	Most of them are expected to be available for sale or lease in 2023-2024
	4.2 with 80% or above ownership secured	(Table 4)	0.9	Most of them are expected to be available for sale in 2024-2026
	4.3 with over 20% but less than 80% ownership secured	(Table 5)	0.6	Redevelopments of these projects are subject to acquisition of full ownerships
5.	The Henderson Murray Road, Central		0.5	To be held for rental purposes upon completion of development
6.	Site 3 of New Central Harbourfront (Inland Lot No. 9088)		1.6	To be held for rental purposes upon completion of development
		Sub-total:	**7.4**	
	Total for the above categories (A) and (B) development projects:		**10.6**	
(C)	**Major development projects in the New Territories**			
	– Fanling North		3.5	*(Note 2)*
	– Fanling Sheung Shui Town Lot No. 262 Fanling North (Phases 2 and 3)		0.4	*(Note 3)*
	– Fanling Sheung Shui Town Lot No. 263 Kwu Tung		0.3	*(Note 3)*
	– Others		0.4	*(Note 2)*
		Sub-total:	**4.6**	
		Total for categories (A) to (C):	**15.2**	

Note 1: Gross floor area is calculated on the basis of the Buildings Department's approved plans or the Government's latest town planning parameters, as well as the Company's development plans. For certain projects, these details may be subject to change depending on the actual needs in future.

Note 2: Developable area is subject to finalisation of land premium.

Note 3: The Group finalised in-situ land exchange with land premium settled for these land lots in 2017.

(Table 1) Unsold units from the major development projects offered for sale

There are 23 major development projects available for sale:

	Project name and location	Gross floor area (sq. ft.)	Type of development	At 31 December 2021 No. of residential units remaining unsold	Saleable area remaining unsold (sq. ft.)	Group's interest (%)	Attributable saleable area remained unsold (sq. ft.)
1.	The Henley (Phases 1 and 3 of the Henley) 7 Muk Tai Street, Kai Tak (formerly known as project at New Kowloon Inland Lot No. 6565, Kai Tak)	654,602 *(Note 1)*	Commercial/ Residential	437	221,767	100.00	221,767
2.	Eden Manor 88 Castle Peak Road Kwu Tung	555,399	Residential	147	161,629	100.00	161,629
3.	The Holborn 1 Shau Kei Wan Road Quarry Bay	132,363	Residential	343	90,287	100.00	90,287
4.	Aquila • Square Mile 38 Fuk Chak Street Mong Kok	180,427	Commercial/ Residential	86	26,435	100.00	26,435
5.	Caine Hill 73 Caine Road Mid-Levels	64,116	Commercial/ Residential	108	26,137	100.00	26,137
6.	Wellesley 23 Robinson Road Mid-Levels West	156,900 *(Note 2)*	Residential	28	47,203	50.00 *(Note 2)*	23,602
7.	Cetus • Square Mile 18 Ka Shin Street Mong Kok	176,256	Commercial/ Residential	57	17,179	100.00	17,179
8.	Double Cove – Phases 1-5 8 Wu Kai Sha Road Ma On Shan	2,950,640	Commercial/ Residential	7	20,148	59.00	11,887
9.	Arbour 2 Tak Shing Street Tsim Sha Tsui	89,527	Commercial/ Residential	24	11,685	100.00	11,685
10.	The Upper South 71 Main Street Ap Lei Chau	40,318	Commercial/ Residential	52	10,573	100.00	10,573
11.	The Royale – Phases 1-3 8 Castle Peak Road – Castle Peak Bay Tuen Mun	663,062	Residential	40	29,114	16.71	4,865
12.	The Hampstead Reach 8 Ping Kin Lane Yuen Long	27,868	Residential	2	3,602	100.00	3,602

	Project name and location	Gross floor area (sq. ft.)	Type of development	At 31 December 2021 No. of residential units remaining unsold	Saleable area remaining unsold (sq. ft.)	Group's interest (%)	Attributable saleable area remained unsold (sq. ft.)
13.	South Walk • Aura 12 Tin Wan Street Aberdeen	37,550	Commercial/ Residential	14	3,443	100.00	3,443
14.	The Addition 342-356 Un Chau Street Cheung Sha Wan	79,903	Commercial/ Residential	9	3,253	100.00	3,253
15.	Two • Artlane 1 Chung Ching Street Sai Ying Pun	90,102	Commercial/ Residential	13	2,877	100.00	2,877
16.	The Richmond 62C Robinson Road Mid-Levels West	33,678	Commercial/ Residential	5	2,328	100.00	2,328
17.	NOVUM EAST 856 King's Road Quarry Bay	177,814	Commercial/ Residential	8	2,282	100.00	2,282
18.	The Vantage 63 Ma Tau Wai Road Hung Hom	207,254	Commercial/ Residential	5	2,125	100.00	2,125
19.	PARKER33 33 Shing On Street Shau Kei Wan	80,090	Commercial/ Residential	2	1,134	100.00	1,134
20.	Global Gateway Tower 61A-61E and 63 Wing Hong Street Cheung Sha Wan	336,052	Industrial	Not applicable	75,693 *(Note 3)*	100.00	75,693 *(Note 3)*
21.	E-Trade Plaza 24 Lee Chung Street Chai Wan	173,850	Office	Not applicable	60,359 *(Note 3)*	100.00	60,359 *(Note 3)*
22.	Mega Cube 8 Wang Kwong Road Kowloon Bay	171,194	Office	Not applicable	48,622 *(Note 3)*	100.00	48,622 *(Note 3)*
23.	The Globe 79 Wing Hong Street Cheung Sha Wan	172,113	Office	Not applicable	50,623 *(Note 3)*	100.00	50,623 *(Note 3)*
			Total:	**1,387** *(Note 4)*	**918,498**		**862,387**

Note 1: Representing the total gross floor area for the whole project.

Note 2: The Group's interest represents 25.07% of the development. After the allocation of the residential units, the Group holds jointly with one developer a 50/50 interest in the residential units so allocated.

Note 3: Representing the office, industrial or shop area.

Note 4: Out of the above 1,387 unsold residential units, 844 units were completed with occupation permits at 31 December 2021.

(Table 2) Projects pending sale in 2022

In the absence of disruption caused by the pandemic or any other unforeseen delays, the following projects will be available for sale in 2022:

	Project name and location	Gross floor area (sq. ft.)	Type of development	No. of residential units	Residential gross floor area (sq. ft.)	Group's interest (%)	Attributable residential gross floor area (sq. ft.)
1.	The Harmonie 233 Castle Peak Road Cheung Sha Wan (launched for sale in January 2022)	159,748	Commercial/ Residential	318 *(Note 1)*	105,659 *(Notes 1 and 2)*	100.00	105,659 *(Notes 1 and 2)*
2.	New Kowloon Inland Lot No. 6562, Kai Tak *(Note 3)*	397,967	Residential	740	397,967	100.00	397,967
3.	New Kowloon Inland Lot No. 6554, Kai Tak *(Note 3)*	1,205,015	Commercial/ Residential	2,062	1,076,732	30.00	323,020
4.	Fanling Sheung Shui Town Lot No. 262, Fanling North (Phase 1) *(Note 3)*	612,477 *(Note 4)*	Residential	603	235,783	100.00	235,783
5.	New Kowloon Inland Lot No. 6576, Kai Tak *(Note 3)*	722,054	Residential	1,590	722,054	30.00	216,616
6.	5 Sham Mong Road Mong Kok (formerly known as project at 25-29 Kok Cheung Street Mong Kok)	242,518	Commercial/ Residential	614	202,147	100.00	202,147
7.	The Henley (Phase 2 of the Henley) 7 Muk Tai Street, Kai Tak (formerly known as project at New Kowloon Inland Lot No. 6565, Kai Tak)	654,602 *(Note 4)*	Commercial/ Residential	301	179,559	100.00	179,559
8.	New Kowloon Inland Lot No. 6574, Kai Tak *(Note 3)*	574,587	Residential	1,219	574,587	29.30	168,354
9.	New Kowloon Inland Lot No. 6552, Kai Tak *(Note 3)*	641,160	Commercial/ Residential	566	619,330	18.00	111,479
10.	30-44 Gillies Avenue South/ 75-77 Baker Street Hung Hom	120,752	Commercial/ Residential	324	101,019	100.00	101,019
11.	23-27 Whampoa Street/ 79-81 Baker Street Hung Hom	108,817	Commercial/ Residential	280	91,427	100.00	91,427

	Project name and location	Gross floor area (sq. ft.)	Type of development	No. of residential units	Residential gross floor area (sq. ft.)	Group's interest (%)	Attributable residential gross floor area (sq. ft.)
12.	46-50 Gillies Avenue South/ 39-41 Whampoa Street/ 12A-22A Bulkeley Street Hung Hom	107,973	Commercial/ Residential	278	90,142	100.00	90,142
13.	280 Tung Chau Street Sham Shui Po *(Note 3)*	144,345	Commercial/ Residential	262 *(Note 1)*	97,845 *(Note 1)*	33.41	32,690 *(Note 1)*
			Total:	**9,157**	**4,494,251**		**2,255,862**

Note 1: Representing the Group's entitlement for this Urban Renewal Authority project.

Note 2: Representing the residential saleable area.

Note 3: Pending the issue of pre-sale consent.

Note 4: Representing the total gross floor area for the whole project.

(Table 3) Existing Urban Redevelopment Projects

The Group has two existing projects under redevelopment or land-use conversion and the dates of their sales launch are not yet fixed. As outlined below, they are expected to provide about 0.9 million square feet in attributable gross floor area in the urban areas based on the Buildings Department's approved plans or the Government's latest town planning:

	Project name and location	Site area (sq. ft.)	Expected gross floor area upon redevelopment (sq. ft.)	Group's interest (%)	Expected attributable gross floor area upon redevelopment (sq. ft.)
1.	Yau Tong Bay Kowloon *(Note)*	808,398	3,981,712	22.80	907,830
2.	29A Lugard Road The Peak Hong Kong	23,653	11,703	100.00	11,703
	Total:	**832,051**	**3,993,415**		**919,533**

Note: The general building plan (after adjustment of site boundary) was approved in July 2017. The Government's provisional basic terms were accepted in July 2020. The amount of land premium is under appeal and it is pending the review by the Government.

(Table 4) Newly-acquired Urban Redevelopment Projects – with 80% to 100% ownership secured

The Group has 25 newly-acquired urban redevelopment projects with 80% to 100% ownership secured. Their expected attributable gross floor areas, based on the Buildings Department's approved plans or the Government's latest town planning, are as follows:

		With 100% ownership secured		With over 80% but less than 100% ownership secured*		
	Project name and location	Site area (sq. ft.)	Expected attributable gross floor area upon redevelopment (sq. ft.)	Site area (sq. ft.)	Expected attributable gross floor area upon redevelopment (sq. ft.)	Total attributable gross floor area (sq. ft.)
	Hong Kong					
1.	4A-4P Seymour Road Mid-Levels (65% stake held by the Group)	52,453	306,850			306,850
2.	88 Robinson Road Mid-Levels	10,361	51,805			51,805
3.	94-100 Robinson Road Mid-Levels	12,160	60,800			60,800
4.	105 Robinson Road Mid-Levels	27,530	126,638			126,638
5.	33-47A Elgin Street Mid-Levels	13,252	105,332			105,332
6.	1-4 Ladder Street Terrace Mid-Levels	2,859	13,907			13,907
7.	63 Macdonnell Road Mid-Levels			3,155	13,251	13,251
8.	13-21 Wood Road and 22-30 Wing Cheung Street Wanchai	6,392	51,068	2,208	19,722	70,790
9.	9-13 Sun Chun Street Tai Hang			2,019	18,171	18,171
10.	17-25 Sun Chun Street Tai Hang			4,497	40,473	40,473
11.	83-95 Shek Pai Wan Road and 2 Tin Wan Street Aberdeen	4,950	42,075	1,128	10,716	52,791
12.	4-6 Tin Wan Street Aberdeen			1,740	14,790	14,790
13.	983-987A King's Road and 16-22 and 24-94 Pan Hoi Street Quarry Bay (50% stake held by the Group)			43,882	176,760	176,760
	Sub-total:	**129,957**	**758,475**	**58,629**	**293,883**	**1,052,358**

Project name and location	With 100% ownership secured: Site area (sq. ft.)	With 100% ownership secured: Expected attributable gross floor area upon redevelopment (sq. ft.)	With over 80% but less than 100% ownership secured*: Site area (sq. ft.)	With over 80% but less than 100% ownership secured*: Expected attributable gross floor area upon redevelopment (sq. ft.)	Total attributable gross floor area (sq. ft.)
Kowloon and New Territories					
14. 16 Kimberley Road Tsim Sha Tsui (Block B, Champagne Court)			12,283	147,396	147,396
15. Various projects spanning Ka Shin Street, Pok Man Street, Man On Street and Tai Kok Tsui Road, Tai Kok Tsui	16,060	144,410	15,745	141,705	286,115 *(Note 1)*
16. 456-466 Sai Yeung Choi Street North and 50-56A Wong Chuk Street, Sham Shui Po	22,889	205,890			205,890
17. 1-27 Berwick Street 202-220 Nam Cheong Street and 1-14 Yiu Tung Street Shek Kip Mei	45,525	409,725			409,725
18. Various projects spanning Gillies Avenue South, Baker Street and Whampoa Street, Hung Hom	75,339	688,034			688,034 *(Note 2)*
19. 68A-76B To Kwa Wan Road 58-76 Lok Shan Road 14-20 Ha Heung Road 1-7 Lai Wa Street and 1-9 and 2-8 Mei Wa Street To Kwa Wan	10,196	91,764	32,310	282,591	374,355
20. Bailey Street/Wing Kwong Street Development Project, To Kwa Wan (This project was awarded by the Urban Renewal Authority with 50% stake held by the Group)	79,718	358,731			358,731
21. 4 Liberty Avenue Ho Man Tin			4,882	39,933	39,933
22. 11-19 Wing Lung Street Cheung Sha Wan *(Note 3)*	6,510	58,300			58,300
23. 67-83 Fuk Lo Tsun Road Kowloon City *(Note 3)*	10,954	92,425			92,425
24. 4-24 Nam Kok Road Kowloon City (76.468% stake held by the Group)	13,113	89,559			89,559
25. 3 Mei Sun Lane Tai Po	7,976	43,220			43,220
Sub-total:	**288,280**	**2,182,058**	**65,220**	**611,625**	**2,793,683**
Total:	**418,237**	**2,940,533**	**123,849**	**905,508**	**3,846,041**

* *Their ownerships will be consolidated by proceeding to court for compulsory sale under the "Land (Compulsory Sale for Redevelopment) Ordinance". In the event that no court order is granted, the Group may not be able to complete the consolidation of the ownership for development.*

Note 1: Excluding those projects already offered for sale (namely, "Eltanin • Square Mile", "Cetus • Square Mile" and "Aquila • Square Mile") in this cluster, as well as the Sham Mong Road project in the sales pipeline in 2022, which boast collectively a total gross floor area of about 770,000 square feet.

Note 2: Excluding three projects in this cluster, which are in the sales pipeline in 2022 and boast a total gross floor area of about 340,000 square feet.

Note 3: Developable area may be subject to finalisation of land premium.

(Table 5) Newly-acquired Urban Redevelopment Projects – with over 20% but less than 80% ownership secured

The Group has other acquisitions in progress, comprising 27 projects located in various urban districts. Currently, ownership ranging from over 20% to below 80% of each project has been achieved. If and when their ownerships are successfully consolidated, based on the Government's latest town planning, the total estimated attributable gross floor area would be about 1,700,000 square feet against their total attributable land areas of about 190,000 square feet upon completion of redevelopment. Based on the respective ownership currently secured by the Group for each project, the total pro-rata attributable gross floor area is about 630,000 square feet. Successful acquisitions of the above projects bear uncertainty. The Group may not be able to consolidate ownerships of all projects. Redevelopment can only be implemented upon acquisition of the full ownerships of the relevant projects.

Land Bank

During the year under review, the Site 3 of New Central Harbourfront (Inland Lot No. 9088) adjacent to the Group's "International Finance Centre" was acquired at a consideration of HK$50,800 million. In assessing the tenders, apart from the land premium, the Government placed an equal emphasis on the design proposals. Based on the concept of "the Bridge", the Group's proposed design for the site is a world-class iconic landmark that enhances the connectivity between the hinterland and harbourfront in Central, and creates a vast amount of green and public spaces. This design proposal, which is expected to achieve good integration with the surrounding environment and vitalise the harbourfront area, received the highest marks from the tender assessment panel. The 1,600,000-square-foot project will be developed in two phases, with the first phase due to be completed by 2027. Phase 1 will comprise about 270,000 square feet of office space, 340,000 square feet of multi-functional space and 900 parking spaces. Phase 2 will be completed by 2032, with an addition of about 390,000 square feet of office space, 600,000 square feet of retail space and an underground connection to the Central MTR Station. In addition, over 300,000 square feet of landscaped public open space will be created, connecting the hinterland with the waterfront promenade in Central. Together with other distinctive features such as an indoor 6-story aquarium and a piazza space with the reinstatement of the former Star Ferry Clock Tower, upon completion this project is poised to be a social destination dedicated to public enjoyment. This iconic landmark will be held for rental and long-term investment purposes. Together with its neighbouring

Site 3 of New Central Harbourfront, Central, Hong Kong (artist's impression)

"International Finance Centre", as well as "The Henderson" which is scheduled for completion in 2023, Henderson Land's rental portfolio in Central will expand to about 3.3 million square feet in attributable gross floor area, elevating the Group's presence in the Central Business District of Hong Kong.

The Group was also awarded the tender for Bailey Street/Wing Kwong Street Development Project in To Kwa Wan by the Urban Renewal Authority with a tender amount at HK$8,189 million. Pursuant to the shareholders' agreement subsequently entered into in February 2022, this project will be jointly developed with Empire Development Hong Kong (BVI) Limited and Hysan Development Company Limited into a development with residential units, commercial properties and public vehicle parks, providing a total gross floor area of over 700,000 square feet upon completion. This joint venture project, which is 50% owned by the Group, is expected to create synergy with the Group's several other redevelopment projects in the area and enhance the overall liveability of the Kowloon East district, while contributing to sustainable development.

Details of the additions are summarised as follows:

	Location	Lease Expiry	Site area (sq. ft.)	Group's interest (%)	Estimated attributable gross floor area (sq. ft.)	Attributable consideration (HK$ million)
1.	Site 3 of New Central Harbourfront (Inland Lot No. 9088)	2071	516,312	100.00	1,614,585	50,800.0
2.	Bailey Street/Wing Kwong Street Development Project To Kwa Wan	2071	79,718	50.00	358,731	4,094.5
				Total:	**1,973,316**	**54,894.5**

The Group currently has a land bank in Hong Kong comprising a total attributable gross floor area of approximately 25.4 million square feet, made up as follows:

		Attributable gross floor area (million sq. ft.)
Properties held for/under development *(Note)*		14.3
Unsold units from major launched projects		0.9
	Sub-total:	**15.2**
Completed properties (including hotels) for rental		10.2
	Total:	**25.4**

Note: Including the total attributable developable area of about 3.9 million square feet from Fanling North and other projects, which are subject to finalisation of land premium.

Land in Urban Areas

In addition to those already in the sales pipeline as mentioned above, the Group has urban redevelopment projects of old tenement buildings with entire or over 80% ownership acquired, representing a total attributable gross floor area of about 3.85 million square feet, which are expected to be available for sale or lease in 2023 and beyond.

During the year under review, the Group completed the acquisition of the entire interests in certain development projects. In collaboration with the adjacent building, the site of the existing project at Nam Kok Road, Kowloon City was also enlarged. In addition, the Group's 22.8% owned residential-cum-commercial project at Yau Tong Bay is pending the Government's review of the amount of land premium. This harbourfront development is expected to provide a total attributable gross floor area of about 900,000 square feet.

New Territories land

During the year under review, the Group acquired further New Territories land lots of about 450,000 square feet. However, the Government reclaimed a total land area of about 140,000 square feet in Kam Tin, Tong Yan San Tsuen and Lam Tei for public use by payment of cash compensation for an aggregate amount of about HK$114 million. After taking into account the land resumption and land bank adjustment, the Group's New Territories land reserves were expanded to approximately 44.9 million square feet at the end of December 2021, representing the largest holding among all property developers in Hong Kong:

By District		Attributable land area (million sq. ft.)
Yuen Long District		25.6
North District		12.3
Tuen Mun District		3.6
Tai Po District and others		3.4
	Total:	**44.9**

The Group holds a total land area of 1.38 million square feet in Fanling North and Kwu Tung North New Development Areas. Of this, three separate lots with a combined total land area of roughly over 600,000 square feet in Fanling North are assessed to be eligible for in-situ land exchange and the Government may resume the rest for public use by payment of cash compensation. The Group has applied for in-situ land exchange for these three separate land lots and they have been accepted by the Government for further processing. According to the Government's latest Practice Note No.1/2022, all applications for in-situ land exchanges have to be concluded on or before 30 June 2023. These three lots, having respective site areas of 228,000 square feet, 240,000 square feet and 241,000 square feet (including stakes owned by the Government and joint venture companies), are expected to provide an aggregate residential gross floor area of approximately 3.03 million square feet and a commercial gross floor area of approximately 440,000 square feet. Developable areas for these sites are subject to finalisation of land premium. In the 2021 Policy Address, the Government announced that standardisation of land premium assessment would be implemented so as to speed up the conversion of farmland for residential land use. This scheme, which was targeted for launch in the first half of 2022, would first be applicable to those applications in Fanling North New Development Area.

In January 2014, the Government commenced its "Preliminary Feasibility Study on Developing the New Territories North" on an area of about 5,300 hectares. In September 2014, the Government announced the "Railway Development Strategy", including its long-term plan to further extend the railway line to Kwu Tung and Ping Che. In order to increase land supply for housing, the Government announced to implement the "Yuen Long South Development Project" and "Kam Tin South Development Project". The Group holds certain pieces of land in these areas.

As for the "Hung Shui Kiu New Development Area Planning and Engineering Study", the area concerned comprises about 714 hectares. The Group holds a total land area of approximately 6.4 million square feet in this location. Under the draft Hung Shui Kiu and Ha Tsuen Outline Zoning Plan, a new town with a population of about 215,000 people and 60,000 additional flats is proposed, of which about 50% are currently designated for private developments. The Government will study the potential increase in the ratio of public housing. Impacts on the Group arising from these proposals are to be assessed. The Group will continue to work in line with the Government's development policies and will follow up closely on its development plans.

The Pilot Scheme for Arbitration on Land Premium, which was introduced by the Government in October 2014, was extended to October 2022. This Pilot Scheme aims to facilitate the early conclusion of land premium negotiations and expedite land supply for housing and other uses. The Group will thus consider requesting arbitration on its land exchange or lease modification cases when necessary.

In order to increase and expedite land supply, the Lands Department has already established a centralised Land Supply Section for accelerating "big ticket" lease modification and land exchange cases and further centralisation of premium assessments, so as to streamline and expedite the development process. The Group's Yau Tong Bay project is now handled by this section. In addition, the Development Projects Facilitation Office was set up under the Development Bureau to facilitate the processing of development approval applications for larger-scale private residential sites leading up to the commencement of works.

The Government announced that it had fully accepted the recommendations tendered by the Task Force on Land Supply regarding land supply strategy and eight land supply options worthy of priority studies and implementation, which included "Tapping into Private Agricultural Land Reserve in the New Territories". The Government has already announced specific criteria in respect of the implementation framework for its "Land Sharing Pilot Scheme" in 2020. To work in line with the Government's policy aimed at alleviating the keen housing demand, the Group in early August 2021 submitted an application to the relevant authority under this scheme in conjunction with another developer, after reviewing the Group's land holding in the New Territories. The area concerned in this application is located in Lam Tsuen, Tai Po, covering a site area of about 2 million square feet or 19.3 hectares, which is slightly larger than Victoria Park in Hong Kong. It is proposed to be built into a total of 12,120 housing units, of which 70% (8,484 units) will be developed for the Government's public housing, whilst the remaining 30% (3,636 units) will be designated as private housing development for sales. If the application is successfully approved, it is expected that the project will be completed in or before 2031. The Group hopes that by participating in this scheme, the relevant land resources can be used more efficiently with their development potential to be unleashed earlier.

In the 2021 Policy Address, the Government proposed a large-scale development plan of "The Northern Metropolis", which might have enormous impacts on the future outlook of the areas concerned and to Hong Kong as a whole. The Group will follow up closely and work in line with this development plan.

Investment Properties

Along with the short-term stable epidemic situation in the latter half of 2021, Hong Kong's GDP for 2021 as a whole increased by 6.4% in real terms compared with a year earlier, reversing the declines in the previous two years. In addition, the Government rolled out mass vaccination in early 2021, relaxed certain social distancing measures and subsequently launched the Consumption Voucher Scheme. Local consumption activities recovered again, despite stalled inbound tourism. As a result, the value of total retail sales in Hong Kong increased by 8.1% compared with a year earlier.

During the year under review, the Group's attributable share of gross rental income in Hong Kong (including the attributable share of contributions from subsidiaries, associates and joint ventures) decreased by 4% year-on-year to HK$6,534 million. The attributable share of pre-tax net rental income (including the attributable contributions from subsidiaries, associates and joint ventures) also decreased by 9% year-on-year to HK$4,556 million. Included therein is attributable gross rental income of HK$1,818 million contributed from the Group's attributable 40.77% interest in The International Finance Centre ("ifc") project (representing a decrease of 8% from HK$1,967 million in 2020). The decrease in rental income was mainly due to the amortisation effect of the rental concessions, which were offered to certain distressed tenants due to the outbreak of the pandemic in 2020, as well as the negative rental reversions upon tenancy renewals.

As at 31 December 2021, the average leasing rate for the Group's major rental properties was 95%.

During the year under review, the podium malls of "The Henley" in Kai Tak, as well as various developments within "The H Collection" (including "The Vantage", "Aquila • Square Mile", "Two • Artlane", "Arbour", "The Addition" and "The Richmond"), were completed for leasing. At the end of December 2021, the Group's completed investment property portfolio in Hong Kong was enlarged to about 9.7 million square feet in attributable terms with its breakdown as follows:

By type	Attributable gross floor area (million sq. ft.)	Percentage (%)
Shopping arcade or retail	5.4	56
Office	3.5	36
Industrial	0.4	4
Residential and hotel apartment	0.4	4
Total:	**9.7**	**100**

By geographical area	Attributable gross floor area (million sq. ft.)	Percentage (%)
Hong Kong Island	2.5	26
Kowloon	3.3	34
New Territories	3.9	40
Total:	**9.7**	**100**

Besides, there were about 8,300 car parking spaces attributable to the Group, providing another rental income stream.

Retail portfolio

During the year under review, the overall occupancy of the Group's major shopping malls (except those under renovation or undergoing a tenant mix realignment) recorded an uptick.

In addition to the regular facility upgrades of its shopping malls to maintain their competitive edge, the Group also closely monitored the market trends and rolled out many in-mall marketing initiatives so as to bring a more refreshing shopping experience to customers. For instance, the Olympic Games have always been one of the most spectacular events and the best ever results achieved by Hong Kong's athletes at the Tokyo Olympic Games have further aroused the public's interest in sports. In order to foster local sports development, the Group joined hands with the Hong Kong Sports Institute in organising a series of sports-related events at MCP Central and MCP Discovery at Tseung Kwan O. Various events were held where the Olympics medalists and elite athletes shared their experiences. Four different sports training zones (namely, cycling, fencing, windsurfing and rowing) were also set up in the malls for shoppers to experience the athletes' cutting-edge, professional training equipment. These events were well-received and aroused extensive publicity in the media, with shoppers' traffic for these malls thus enhanced. Meanwhile, the Group continued to leverage its offline and online platforms to launch marketing campaigns. During the

The Henderson, Hong Kong by Zaha Hadid Architects for Henderson Land

Render by Cosmoscube

H Zentre, Tsim Sha Tsui, Hong Kong

year under review, tens of thousands of new members were recruited for its integrated customer loyalty programme (namely, "H • COINS") and over two million transactions were recorded for its sales promotion activities.

"H Zentre", a healthcare hub complemented by dining and retail facilities, also performed well. Despite the challenging external environment, a number of high-end eateries established their presence in this prestigious development. With more spaces taken up by its existing medical tenant, namely "Union Hospital", a higher occupancy rate was recorded. Various prominent restaurants and medical service providers are scheduled to open in 2022, further reinforcing its distinctive position in the Tsim Sha Tsui commercial district.

Office portfolio

Hong Kong's office rental decline was moderated. Besides, the Group implemented timely mitigating measures against the pandemic. Its premium office buildings on Hong Kong Island, such as "ifc" in Central – the core business district – as well as "AIA Tower" in North Point, therefore recorded consistently high occupancy and satisfactory rental levels during the year under review. The newly-built office developments, namely "Harbour East" in North Point and "208 JOHNSTON" in Wanchai, attracted strong interests from discerning corporates looking for quality buildings, and achieved higher occupancies compared to a year earlier. The Group's office and industrial/office premises in Kowloon East, including "Manulife Financial Centre", "AIA Financial Centre", "78 Hung To Road" and "52 Hung To Road", also maintained high occupancy.

The Group's prestigious commercial site at Murray Road, Central is being developed into a 465,000-square-foot super Grade-A office tower, named "The Henderson". The building is designed as a bauhinia bud by the world-renowned architectural firm Zaha Hadid Architects, incorporating state-of-the-art building technology and advanced specifications. This landmark development is scheduled for completion in 2023. "The Henderson" has received the highest category of Platinum pre-certifications from various professional organisations, including Hong Kong Green Building Council, WELL Building Standard (WELL) and Leadership in Energy and Environment Design (LEED). After signing "Christie's", the world-leading auction house, as its first anchor tenant, occupying about 50,000 square feet as its new headquarters in Asia Pacific, many top-tier financial institutions and corporations have also shown their leasing interest. Leasing campaigns of "The Henderson" will be launched in full swing in 2022.

ifc mall, Central, Hong Kong

Construction

During the year under review, the shortage of skilled workers and escalating material costs continued to weigh on the construction sector in Hong Kong. To tackle these challenges, the Group's Construction Department has recently adopted the Multi-trade Integrated Mechanical, Electrical and Plumbing (MiMEP) approach, in addition to its ongoing application of prefabricated structural modules under "Design for Manufacture and Assembly" (DfMA). Certain mechanical, electrical and plumbing installations will thus be pre-assembled so as to expedite the in-situ integration process. These measures will also help improve quality and cost efficiency by reducing wastage and on-site manpower. In addition, the self-developed and patented "*self-foaming peelable protective coating and its fabrication and application thereof*" was successfully applied for the protection of curtain walls. The Group will continue to develop innovative materials and construction methods so as to further enhance building quality.

A talented workforce is key to the success of every property development, and site safety is the Group's top priority. During the year under review, the Group won the "Proactive Safety Contractor Award" from the Hong Kong Construction Association as the accident rate of the Group's construction activities was well below the industry average.

The following development projects in Hong Kong were completed during the year under review:

	Project name and location	Site area (sq. ft.)	Gross floor area (sq. ft.)	Type of development	Group's interest (%)	Attributable gross floor area (sq. ft.)
1.	The Henley (Phases 1-3 of the Henley) 7 Muk Tai Street, Kai Tak (formerly known as project at New Kowloon Inland Lot No. 6565, Kai Tak)	121,224	654,602	Commercial/ Residential	100.00	654,602
2.	The Vantage 63 Ma Tau Wai Road Hung Hom	23,031	207,254	Commercial/ Residential	100.00	207,254
3.	Aquila • Square Mile 38 Fuk Chak Street Mong Kok	20,114	180,427	Commercial/ Residential	100.00	180,427
4.	Two • Artlane 1 Chung Ching Street Sai Ying Pun	7,858	90,102	Commercial/ Residential	100.00	90,102
5.	Arbour 2 Tak Shing Street Tsim Sha Tsui	10,614	89,527	Commercial/ Residential	100.00	89,527
6.	The Addition 342-356 Un Chau Street Cheung Sha Wan	9,157	79,903	Commercial/ Residential	100.00	79,903
7.	The Richmond 62C Robinson Road Mid-Levels West	3,855	33,678	Commercial/ Residential	100.00	33,678
					Total:	**1,335,493**

Property Management

The Group's property management companies consist of Hang Yick Properties Management Limited ("Hang Yick") , Well Born Real Estate Management Limited ("Well Born"), H-Privilege Limited (which provides services for the Group's urban boutique residences under "The H Collection" brand) and Goodwill Management Limited. By managing about 79,000 apartments and industrial/commercial units, 10 million square feet of shopping and office space, as well as 20,000 car parking spaces collectively in Hong Kong, these companies hold leading positions in the industry.

Amid the pandemic, these property management subsidiaries continued to raise their service standards through cultivation of more talent and strengthening their management. For instance, these companies recruited former flight attendants who were retrenched due to the pandemic and offered them appropriate job positions and continuous professional training. An Integrated Management System complying with the requirements of ISO 9001 (Quality Management System), ISO 10002 (Complaints Handling Management System), ISO 14001 (Environmental Management System) and ISO 45001 (Occupational Health and Safety Management System) has also been implemented. Quality, health and safety, as well as environmental considerations are thus ensured to be consistently embedded in all aspects of their services and daily operations.

In respect of social responsibility, the property management subsidiaries continued to promote transformation and innovation during this "Year of Reforms". Amid the pandemic, various supporting measures were rolled out such as the distribution of anti-epidemic packs to low-income groups. In recognition of the Group's care for the public at large, a multitude of commendations was received including being named by The Hong Kong Council of Social Service as a "15 Years Plus Caring Company", in addition to receiving "Sing Tao Service Awards – Honourable Anti-Pandemic Service Award". Their volunteer team also received the Honour Award of the "Highest Service Hour Award" for the 15th time from the Government's Social Welfare Department.

Mainland China

During the year under review, the Central Government upheld its directive that "housing is for living in, not for speculation". Individual cities also continued to implement differentiated policies in accordance with local conditions along with other controlling measures so as to ensure steady housing prices. Nevertheless, the "Three Thresholds" and the regulation of the financial leverage prompted some mainland property developers to "deleverage". Consequently, market confidence was affected and the upsurge in transaction volume was subdued. Citywide differentiation further intensified with housing prices having varying extents of adjustment. Notwithstanding the weakened housing market, strong demand from first-time homebuyers and upgraders still prevailed. As for the land market, it remained active in the first half of the year and record deals were repeatedly noticed in certain prime cities. However, with the strengthening of controlling measures and tightening of credit in the latter half of the year, land bidders have become more cautious. Incidents of land unsold or sold at reserve price were repeatedly recorded.

The following development projects were completed during the year under review:

	Project name	Usage	Group's interest (%)	Attributable gross floor area (million sq. ft.)
1.	Lakeside Mansion, Beijing	Residential	24.5	0.26
2.	Phase 2, Central Manor, Guangzhou	Residential	18	0.16
3.	Runyue Huayuan, Guangzhou	Residential and commercial	10	0.11
4.	Phases 1-5, The Landscape, Changsha	Residential, commercial and school	50	1.92
5.	Shopping mall (Phase 1), Chengdu ICC, Chengdu	Commercial	30	0.07
6.	Phase 1, Xuheng Huayuan, Hefei	Residential	50	0.46
7.	Phase 3, Emerald Valley, Nanjing	Residential and commercial	50	0.17
8.	Phases 2P2, 2R3, 3K2 and 3R4, La Botanica, Xian	Residential, commercial and school	50	1.21
9.	Phases 2B and 3 at Site F, Grand Lakeview, Yixing	Residential and school	50	0.79
			Total:	**5.15**

The Group's mainland China strategy is as follows:

Property Investment: The Group focused on the development of Grade-A office buildings. In Guangzhou, the twin Grade-A office towers at "Lumina Guangzhou" in Yuexiu District were completed in 2020 with a total gross floor area of about 970,000 square feet. They became new landmarks in the district and tenants have moved in progressively. The 800,000-square-foot shopping podium was recently completed in January 2022. Negotiation with tenants and signing of tenancies are now under way. In Shanghai, the 3,000,000-square-foot "Lumina Shanghai" at the Xuhui Riverside Development Area is also scheduled for completion in the first half of 2022. Pre-leasing marketing has commenced and the leasing response is encouraging. Following the successive completion of these new developments, the Group's rental income will maintain its accelerated growth. The Group will continue to look for quality property investments in the core areas of major cities.

Property Development: The Group focused on the residential and composite development projects in major and leading second-tier cities, as well as new development opportunities offered by the Greater Bay Area strategic plan. Capitalising on the Group's reputation, management expertise and financial strength, coupled with local developers' market intelligence, construction efficiency and cost advantages, the return of the Group's joint venture projects was better than expected. During the year, the Group entered into more residential joint venture development projects with mainland property developers.

The Group added the following development projects to its land bank during the year under review:

(1) The Group partnered with the subsidiaries of CIFI Holdings (Group) Co. Limited ("CIFI", a mainland property developer listed in Hong Kong) to jointly develop the following projects on a 50/50 ownership basis:

(i) A commercial-cum-residential site in Wenjiang District, Chengdu: The land lot with a site area of approximately 2,020,000 square feet, which was acquired at a consideration of about RMB2,811 million, will provide a total gross floor area of about 5,600,000 square feet.

(ii) A commercial-cum-residential site in Chancheng District, Foshan: The land lot with a site area of approximately 508,000 square feet, which was acquired at a consideration of about RMB1,439 million, will provide a total gross floor area of about 1,410,000 square feet.

(iii) A residential-cum-municipal site in Dongli District, Tianjin: The land lot with a site area of approximately 1,060,000 square feet, which was acquired at a consideration of about RMB2,194 million, will provide a total gross floor area of about 1,890,000 square feet.

(iv) A residential site in Yubei District, Chongqing: The land lot with a site area of approximately 1,110,000 square feet, which was acquired at a consideration of about RMB1,900 million, will provide a total gross floor area of about 1,660,000 square feet.

(v) A residential site in Xinjin District, Chengdu: The land lot with a site area of approximately 684,000 square feet, which was acquired at a consideration of about RMB629 million, will provide a total gross floor area of about 1,030,000 square feet.

(vi) A residential site in Dongxiwu District, Wuhan: The land lot with a site area of approximately 480,000 square feet, which was acquired at a consideration of about RMB1,777 million, will provide a total gross floor area of about 1,400,000 square feet.

(vii) A commercial-cum-residential site in Shijie District, Dongguan: The land lot with a site area of approximately 280,000 square feet, which was acquired at a consideration of about RMB935 million, will provide a total gross floor area of about 860,000 square feet.

(viii) A project in the core urban area, Shijiazhuang: The Group acquired a 50% stake from an independent third party at a consideration of RMB1,400 million. This project will provide a total gross floor area of about 5,250,000 square feet on a site of about 2,230,000 square feet.

(2) The Group also partnered with the subsidiaries of CIFI and Nanshan Holdings Co., Ltd. ("Nanshan") to jointly develop a residential site in Xiangcheng District, Suzhou whereby the Group holds a 34.5% equity interest in this project. The land lot with a site area of approximately 490,000 square feet, which was acquired at a consideration of about RMB547 million, will provide a total gross floor area of about 516,000 square feet.

(3) At a consideration of RMB1,000 million, the Group acquired a 25% stake in a commercial-cum-residential project in Nansha District, Guangzhou, from CIFI and other shareholders. This project will provide a total gross floor area of about 3,780,000 square feet on a site of about 580,000 square feet.

At 31 December 2021, in addition to its holding of approximately 1.2 million square feet in attributable gross floor area of completed property stock, the Group held a development land bank in 20 cities with a total attributable gross floor area of about 35.7 million square feet. Around 73% of the land bank is planned for residential development:

Land bank under development or held for future development

		Group's share of developable gross floor area* (million sq. ft.)
Prime cities		
Beijing		0.81
Shanghai		3.39
Guangzhou		3.58
Shenzhen		0.21
	Sub-total:	**7.99**
Second-tier cities		
Changsha		1.45
Chengdu		7.79
Chongqing		0.83
Dongguan		0.43
Foshan		0.71
Hefei		0.23
Nanjing		0.02
Shenyang		4.45
Shijiazhuang		2.63
Suzhou		1.84
Tianjin		0.95
Wuhan		0.70
Xiamen		0.34
Xian		4.65
Xuzhou		0.62
Yixing		0.04
	Sub-total:	**27.68**
	Total:	**35.67**

* *Excluding basement areas and car parks.*

Usage of development land bank

	Estimated developable gross floor area (million sq. ft.)	Percentage (%)
Residential	25.88	73
Office	5.10	14
Commercial	3.83	11
Others (including clubhouses, schools and community facilities)	0.86	2
Total:	**35.67**	**100**

Property Sales

Compared with the previous year, fewer pre-sold properties were completed and delivered to buyers during the year under review. The attributable revenue and pre-tax profit contribution from the Group's property sales in mainland China as recognised in the financial statements for the year under review amounted to HK$6,809 million and HK$1,603 million respectively, representing year-on-year decreases of 4% and 16% from the previous year respectively.

During the year under review, the Group recorded attributable contracted sales of approximately HK$9,949 million in value and approximately 4.9 million square feet in attributable gross floor area, representing year-on-year increases of 56% and 23% respectively. Major sales projects included Wuyuanwan project in Xiamen, "La Botanica" in Xian, "The Landscape" in Changsha, Xindu District project in Chengdu, "Riverside Park" and Wujiang Development Zone project in Suzhou.

At the end of December 2021, attributable contracted sales of approximately HK$14,030 million are yet to be recognised in the accounts, of which approximately HK$11,937 million is scheduled for recognition in 2022 upon completion of development and handover to buyers.

Investment Properties

During the year under review, the joint venture project of Chengdu ICC shopping mall (Phase 1) was completed. At the end of December 2021, the Group's completed investment property portfolio in mainland China was thus increased to about 8.1 million square feet in attributable terms with its breakdown as follows:

By type	Attributable gross floor area (million sq. ft.)	Percentage (%)
Commercial	2.4	30
Office	5.7	70
Total:	**8.1**	**100**

By geographical area	Attributable gross floor area (million sq. ft.)	Percentage (%)
Beijing	2.2	27
Shanghai	3.7	46
Guangzhou	1.6	20
Others	0.6	7
Total:	**8.1**	**100**

During the year under review, the Group's attributable gross rental income increased by 15% year-on-year to HK$2,097 million, whilst its attributable pre-tax net rental income also increased by 11% year-on-year to HK$1,626 million. The increase in rental income was mainly due to the 7% appreciation of the Renminbi against the Hong Kong Dollar, as well as additional contributions from the recently completed investment properties (including the office towers at "Lumina Guangzhou", which were completed in June 2020).

Lumina Shanghai, Shanghai

In Beijing, "World Financial Centre", an International Grade-A office complex in the Chaoyang Central Business District, was over 97% let at the end of December 2021. During the year under review, it was awarded "Sustainability Achievement of the Year 2021, Excellence" by the Royal Institution of Chartered Surveyors and "Certificate of 2-Star Green Building Design Label" by the Centre of Science and Technology and Industrialisation Development, Ministry of Housing and Urban-Rural Development. These are testimonies to the Group's commitment to excellence in both building quality and property management. In light of the 10th anniversary of this development, a series of innovative events were hosted during the year under review, including a digital concert co-organised with "Modern Sky", a leading music entertainment company in mainland China.

In Shanghai, "Henderson 688" at Nanjing Road West achieved "Sustainability Achievement of the Year 2021, Finalist" as well by the Royal Institution of Chartered Surveyors during the year under review and its leasing rate by the end of December 2021 was over 97%. "Grand Gateway II" atop the Xujiahui subway station recorded a higher leasing rate of 96% at the end of December 2021 as its facility upgrades were in the process of completion with an enhanced building quality. "Henderson Metropolitan" near the Bund was 93% let at the end of December 2021. During the year under review, the lease with "Apple store" was successfully renewed and is expected to bring in more customer flow and rental income to the mall. The leasing response for "Lumina Shanghai" in the Xuhui Riverside Development Area, currently under construction, was also encouraging. The 61-storey iconic office tower of its Phase 1 Development, which has direct access to Longyao Subway Station, will provide approximately 1,800,000 square feet of Grade-A office space. Various multinational corporations such as "Rockwell", "Fedex", "LendLease" and "Gopay" have already committed to be tenants. An array of specialty restaurants have also been introduced to its 200,000-square-foot shopping mall to facilitate the dining experience for customers. Phase 2 development will provide an additional office and retail space of about 1,000,000 square feet. Two world-renowned automotive corporations, namely, "BMW" and "Polestar", have committed to lease its office space. The entire "Lumina Shanghai" is planned for completion in the first half of 2022.

In Guangzhou, "Lumina Guangzhou" in Yuexiu District is an integrated development, sitting on the bank of the Pearl River with a direct connection to two subway lines. The leasing response for its twin Grade-A office towers, which were completed in June 2020 with a total gross floor area of about 970,000 square feet, has been encouraging. Numerous leading multinational corporations and local enterprises have already moved in, whilst "the Consulate General of Hungary, Guangzhou", "DHL" and "Bank of Communication" have also committed to leases recently. Meanwhile, its 800,000-square-foot shopping podium is designed to become a one-stop landmark destination, combining retail, dining and entertainment. An array of international retail brands and specialty restaurants will be brought in so as to provide customers with a multifarious shopping and leisure experience. This shopping podium was just completed in January 2022, giving a further impetus to the Group's rental growth. "Hengbao Plaza" atop the Changshou Road subway station was temporarily adversely affected by a new wave of local epidemic in the second quarter of 2021. As the Group took positive measures in a timely manner, both shoppers' traffic and tenants' businesses have revived progressively since the second half of 2021.

Property Management

Shanghai Starplus Property Management Co., Ltd ("Starplus") was established in Shanghai in September 2018, to provide top quality commercial property management services. Starplus has taken over the management of "Henderson 688", "Henderson Metropolitan" and "Greentech Tower", all in Shanghai, as well as "World Financial Centre" in Beijing. Starplus's portfolio of shopping and office space by the end of 2021 was expanded to about 5,400,000 square feet, in addition to 2,000 car parking spaces. In order to ensure that the best service is provided to all the commercial properties under its management, Starplus implements an Integrated Management System complying with the requirements of ISO 9001 (Quality Management System), ISO 14001 (Environmental Management System) and OHSAS 18001 (Occupational Health and Safety Management System) for "Henderson 688" and "Henderson Metropolitan", as well as its newly added property of "Greentech Tower". Among all Shanghai properties under its management, HCMS (Health Control Management System) was set up for "Henderson Metropolitan", whilst "Henderson 688" was validated by International WELL Building Institute (IWBI) to achieve the "WELL Health-Safety Rating". Starplus will continue to adopt various professional accreditation principles so as to ensure that quality, health and safety, as well as environmental considerations are consistently embedded in its operations. Meanwhile, Starplus is aiming to extend its services to the Group's other commercial developments in mainland China, so as to provide the Group with standardised, professional, smart and efficient property management services, thereby enhancing its asset value and service quality.

During the year under review, "World Financial Centre" in Beijing was awarded "Certificate of 2-Star Green Building Design Label" by the Centre of Science and Technology and Industrialisation Development, Ministry of Housing and Urban-Rural Development and "Sustainability Achievement of the Year, Excellence" by the Royal Institution of Chartered Surveyors. "Henderson 688" in Shanghai also achieved "Sustainability Achievement of the Year, Finalist". All these demonstrated that the Group's promotion of sustainable development and management for its mainland properties, as well as their green, low-carbon and environmental contributions, were well received both locally and globally.

Henderson Investment Limited ("HIL")

HIL's profit attributable to equity shareholders for the year ended 31 December 2021 amounted to HK$34 million, representing a decrease of HK$93 million, or 73% from the previous year. The decrease in profit was mainly attributable to the non-occurrence of wage subsidies from the Hong Kong Government's "Employment Support Scheme" and rental concessions from landlords in an aggregate amount of about HK$74 million, as well as the decrease in customers' demand for food and daily necessities at HIL's supermarkets due to the easing of social distancing measures during the year under review.

HIL's business activities are principally carried out by two wholly-owned subsidiaries: (i) Citistore (Hong Kong) Limited, which operates five department stores under the name of "Citistore" and five household specialty stores under the name of "Citilife" (hereinafter collectively referred to as "Citistore"); and (ii) Unicorn Stores (HK) Limited, which operates two department stores-cum-supermarkets under the name of "APITA" or "UNY" and two supermarkets under the name of "UNY" (hereinafter collectively referred to as "Unicorn").

(I) Citistore

During the year under review, Citistore strategically adjusted its store network and closed down its Tai Kok Tsui store at the end of June 2021. Meanwhile, five stand-alone household specialty stores under the name of "Citilife" were opened successively, whereas a counter of "Citilife" was also set up in each Citistore's department store.

Despite the increase in gross profit of HK$2 million from the sales of own goods, as well as the increase in commission income from concessionaire and consignment counters in the aggregate amount of HK$8 million, Citistore's profit after taxation for the year under review decreased by HK$21 million or 22% year-on-year to HK$73 million. The decrease in profit was mainly attributable to the non-occurrence of wage subsidies from the Government's "Employment Support Scheme" and rental concessions (net of taxation) from landlords in an aggregate amount of about HK$51 million as recorded in the previous year.

(II) Unicorn

In November 2021, a new "UNY" Japanese supermarket was opened in MCP Central, Tseung Kwan O. A new online shop, as well as a new customer relationship management programme (namely, "CU APP"), were launched for Unicorn in the same month of November 2021.

Due to the drop in demand for supermarket products, and the increase in operating costs caused by the opening of UNY Yuen Long and UNY Tseung Kwan O, Unicorn recorded a loss after taxation of HK$34 million for the year ended 31 December 2021. Whereas, a profit after taxation of HK$33 million was recorded for the previous year and included therein was Unicorn's receipt of wage subsidies of HK$22 million from the Government's "Employment Support Scheme".

Over the years, efforts have been made to integrate the businesses of Citistore and Unicorn, so as to enhance their operational synergies and efficiency. For instance, following the success of the launch of "CU APP" by Unicorn, Citistore's membership loyalty programme (namely, "Citi-Fun") was migrated to "CU APP" recently. With this unified membership loyalty programme, HIL can enhance the interaction with customers and promote business growth through cross promotions between different brands. Besides, a new centralised distribution centre will become fully operational in the first half of 2022. This 58,500-square-foot centre will integrate the warehouse and logistic functions for both Citistore and Unicorn. With its strengthened sourcing collaboration, HIL's overall competitiveness and cost efficiency is set to be further improved.

Miramar Hotel and Investment Company, Limited ("Miramar")

Miramar's revenue for the year ended 31 December 2021 amounted to HK$1,247 million (2020: HK$1,315 million), a decrease of 5.1% against last year. Profit attributable to shareholders for the year was HK$330 million (2020: HK$302 million) with a year-on-year increase of 9.3%. The aforesaid outcome is mainly caused by the decrease in revaluation loss on fair value of investment properties compared with last

Mira Place, Tsim Sha Tsui, Hong Kong

year, and the increase in income attributable to its hotel & serviced apartments business and food & beverage business compared with last year. The underlying profit attributable to shareholders (excluding the net decrease in the fair value of investment properties by HK$112 million (2020: net decrease of HK$152 million) and the net gain on disposal of non-core properties of HK$19 million (2020: Nil)) dropped by 6.8% to HK$423 million, year-on-year (2020: HK$454 million).

Hotel and Serviced Apartments Business

During the year, the hotel and serviced apartments business recorded a revenue of HK$286 million, up by 41.8% from last year. The earnings before interest, taxes, depreciation and amortization ("EBITDA") was HK$4.6 million, a reversal from last year's loss of HK$5.3 million. Miramar launched themed staycation packages one after another, including an Australian-themed experience "Wanderful Australia" in collaboration with the Australian government, and "The Aurora Of Festive MIRAcles" with the Finnish Tourist Board and Finnair. The aforesaid promotional efforts successfully improved the occupancy rate of The Mira Hong Kong Hotel. Meanwhile, against the background of immense demand for quarantine hotels, Mira Moon Hotel continued to be commissioned as a designated quarantine hotel by the government, with an average occupancy rate of more than 70%.

Property Rental Business

The revenue of its property rental business decreased to HK$814 million, with EBITDA at HK$697 million, down by 0.6% and 2.2% respectively, compared with last year. As at 31 December 2021, the book value of the overall investment properties was HK$15,200 million. During the year, Miramar continued to provide targeted relief to certain tenants impacted by the pandemic in order to lessen pressures on their operations. At the same time, Miramar launched various promotional activities to encourage customer consumption, increase footfall and boost sales, including consumption rebates, themed weekend pop-up markets and various festive events.

Food and Beverage Business

Miramar's food and beverage business recorded revenue of HK$133 million, up by 11.0%, compared with last year; EBITDA recorded loss of HK$10.8 million for the year, which loss was reduced as compared with last year. In view of the potential of the local catering market, Miramar closed two restaurants during the year, and actively preparing to introduce brand-new dining concepts to extend new markets and demographics.

Travel Business

Due to the resurgence in COVID-19 cases, cross-border reopening was delayed indefinitely and there was yet no sign of the international tourism market recovering. Just like any other peers in the industry, Miramar's travel business stayed in a standstill. Miramar's travel business recorded revenue of HK$13.5 million, down by 92.2% compared with HK$173.7 million last year, and EBITDA recorded a loss of HK$23.3 million, similar to that of last year.

Associated Companies

The Hong Kong and China Gas Company Limited ("HKCG")

HKCG's principal businesses' operating profit after taxation for the year amounted to HK$6,821 million, a decrease of HK$413 million, down by 5.7%, compared to 2020. During the year, as HKCG wrote off and impaired some of the production facilities of a chemical plant and telecommunications network facilities in mainland China, and made asset provision for certain gas refilling stations which had ceased operation, a provision of approximately HK$1,500 million in total was made. Inclusive of this one-off provision, profit after taxation attributable to shareholders of HKCG for the year amounted to HK$5,017 million, a decrease of HK$990 million, down by 16.5%, compared to 2020. During the year under review, HKCG invested HK$8,387 million in production facilities, pipelines, plants and other fixed assets for the sustainable development of its various existing and new businesses in Hong Kong and mainland China.

Town Gas Business in Hong Kong

The total volume of gas sales in Hong Kong for 2021 was approximately 27,677 million MJ, a slight decrease of 1%, in contrast to an 8.8% increase in the number of appliances sold resulting from a rise in new property move-ins due to a slowdown of the epidemic, both compared to 2020. At 31 December 2021, the number of its customers was 1,964,937, an increase of 21,160, representing a slight increase of 1.1% compared to the number at the end of 2020.

Utility Businesses in Mainland China

Towngas Smart Energy Company Limited ("Towngas Smart Energy", formerly known as Towngas China Company Limited; stock code: 1083), a subsidiary of HKCG, recorded a profit after taxation attributable to its shareholders, excluding change in fair value of derivative component of convertible bonds, amounting to HK$1,612 million for the year, an increase of approximately 11% compared to 2020. Including change in fair value of derivative component of convertible bonds, profit after taxation attributable to its shareholders amounted to HK$1,253 million for the year, a decrease of approximately 13% compared to 2020. In November 2021, Affinity Equity Partners, a well-known private equity fund, invested HK$2,800 million in Towngas Smart Energy through subscription of new shares and convertible bonds. At the end of 2021, HKCG held approximately 65.98% of Towngas Smart Energy's total issued shares.

Construction of Towngas Smart Energy's shale gas liquefaction plant in Weiyuan county, Sichuan province is expected to be completed in early 2023, which will become its gas storage and peak-shaving base in southwestern China. Acquisition of 25% equity interest in Shanghai Gas Co., Ltd. ("Shanghai Gas") has been completed during the year. The two liquefied natural gas ("LNG") terminals operated by Shanghai Gas can be used to further secure the supply of gas sources for companies under HKCG. Towngas Smart Energy added 40 new projects to its portfolio during 2021, comprising 35 renewable energy projects and five piped-gas projects. The total number of projects held by Towngas Smart Energy was 244 as at the end of 2021.

At the end of 2021, inclusive of Towngas Smart Energy, HKCG had a total of 303 city-gas projects on the mainland (inclusive of city-gas projects re-invested by HKCG's companies) (2020 year end: 282 projects). The total volume of gas sales for these projects for 2021 was approximately 31,080 million cubic metres, an increase of 16% compared to 2020. At the end of December 2021, HKCG's mainland gas customers stood at approximately 35.03 million, an increase of 10% over 2020.

HKCG's smart energy business development progressed well in 2021, with more than 110 renewable energy projects planned across 21 provincial regions and 32 zero-carbon smart industrial parks negotiated for development. These projects encompass multi-energy supply (cooling, heat and electricity), photovoltaics, energy storage, charging and swapping power stations, comprehensive energy services for industrial and commercial customers, with related project companies subsequently formed.

HKCG's natural gas storage facility in underground salt caverns in Jintan district, Changzhou city, Jiangsu province has achieved notable economic benefits since its commissioning and is successfully interconnected with the West-to-East Gas Pipeline and the Sichuan-to-East Gas Pipeline, two large-scale national-level natural gas transmission pipelines. The total planned storage capacity of the facility is 1,100 million cubic metres. This storage facility was the first of its kind built by a city-gas enterprise.

HKCG's storage tank project at the LNG receiving terminal in Caofeidian district, Tangshan city, Hebei province is progressing well. The project includes the right to use two storage tanks of 400,000 cubic metres in total alongside a jetty for importing 1 million tonnes of LNG per annum for a contract term of 50 years. This project will be gradually commissioned starting from the end of 2022.

Leveraging the rich experience in sewage treatment gained from its Hua Yan Water business, HKCG successfully developed an urban organic waste resource utilisation project in Suzhou Industrial Park, Jiangsu province in 2019. With a daily processing capacity of 800 tonnes, this project has cumulatively processed more than 300,000 tonnes of organic waste and produced nearly 13 million cubic metres of bio-natural gas for the park's use.

In 2020, HKCG's Hua Yan Environmental in Changzhou city, Jiangsu province joined with the municipal government to proactively develop businesses encompassing waste incineration for power generation, sewage treatment, food waste treatment and urban sanitation. A food waste utilisation project in Tongling city, Anhui province acquired in 2020, and a municipal sewage treatment project in Wujin district, Changzhou city, Jiangsu province acquired in 2021 have cumulatively processed more than 70,000 tonnes of organic waste and 80 million tonnes of sewage. The waste transfer business and waste sorting collection business in Wujin district, Changzhou city also started operations in November 2021.

Overall, including the projects of Towngas Smart Energy, HKCG had 514 projects (inclusive of city-gas projects re-invested by HKCG's companies) (2020 year end: 436 projects) in mainland China as at the end of 2021, spread across 28 provincial regions. These projects encompass upstream, midstream and downstream natural gas sectors, environmentally-friendly energy, smart energy, water sectors and urban waste treatment.

In January this year, HKCG and IDG Capital announced the launch of China's first Zero-carbon Technology Investment Fund focusing on technology investment and business applications, with a total scale of RMB10,000 million, initially raising RMB5,000 million in the first phase. The fund will focus on investing in innovation fields relating to zero-carbon technologies, including renewable energy, energy storage, smart energy grid, hydrogen energy, carbon trading and management projects.

Emerging Environmentally-Friendly Energy Businesses

The research and development team of ECO Environmental Investments Limited ("ECO") under HKCG has been committed to developing biomass utilisation for many years. Several patented technologies that target the utilisation of inedible bio-grease and agricultural waste as two major feedstocks have been developed and achieved scientific breakthroughs.

Hydro-treated vegetable oil (HVO) plant in Zhangjiagang, Jiangsu province

The first project, located in Jiangsu province, which converts inedible bio-grease feedstock into hydro-treated vegetable oil ("HVO") using ECO's proprietary technology, has gained the accreditation under the International Sustainability and Carbon Certification Scheme (ISCC). Being qualified as an advanced biofuel defined by the European Union, ECO's HVO is mainly for the European markets. Following the successful implementation of this project and expansion of the European markets, ECO is taking steps to further enhance the HVO production capacity and to implement the technology it has successfully developed for the production of sustainable aviation fuel (SAF).

Besides, the two pilot projects located in Tangshan city and Cangzhou city, Hebei province, are using another set of proprietary technologies to refine agricultural waste through hydrolysis into a product scope encompassing biofuels, bio-chemicals and bio-materials. Cellulosic ethanol, being the main product, is yet another highly demanded advanced biofuel as defined by the European Union.

HKCG established a new business platform, EcoCeres, Inc., at the end of 2021, which integrates the talents, patented technologies, production facilities, scientific research facilities and other assets related to biomass utilisation business, and introduces new investors to this platform to jointly develop a green and sustainable biomass business. EcoCeres, Inc. successfully raised a total of US$108 million in funding in December 2021 and February 2022 from an investor, Kerogen Capital, a private equity fund having a focus on energy transition.

ECO's clean coal chemical business in Inner Mongolia Autonomous Region has achieved certain results after years of equipment renovation to reduce carbon emissions. A new phase of the production plan to introduce waste resources to replace raw coal has made good progress, expecting to produce high value-added low-carbon products for domestic and foreign markets in 2023. In addition, the LNG business has gained momentum with the commissioning of a new plant located in the Ningxia Hui Autonomous Region after a successful trial operation. The plant uses local coke oven gas as the feedstock to produce LNG, thus reducing carbon emissions of the coking plant and also providing the market nearby with clean vehicular energy and supplementing gas sources for downstream natural gas customers.

Financing Programmes

HKCG established a medium term note programme in 2009. Medium term notes totalling HK$1,339 million, with a tenor of 3 years, were issued in 2021. At 31 December 2021, the total nominal amount of medium term notes issued has reached HK$21,000 million with tenors ranging from 3 to 40 years, mainly at fixed interest rates with an average of 2.9% per annum and an average tenor of 15 years. HKCG updated the programme during the year and increased the maximum issue size from US$3,000 million to US$5,000 million. Meanwhile, Towngas Smart Energy established a new medium term note programme through a subsidiary with a maximum issue size of US$2,000 million in June 2021. A medium term note of RMB750 million with a tenor of 3 years and a coupon rate at 3.4% per annum was firstly issued in November 2021. Furthermore, at 31 December 2021, HKCG had Perpetual Subordinated Capital Securities of US$300 million, issued in February 2019, with a coupon rate at 4.75% per annum. The Perpetual Securities are redeemable at the option of HKCG in February 2024 or thereafter every six months on the coupon payment date.

Hong Kong Ferry (Holdings) Company Limited ("Hong Kong Ferry")

During the year under review, the profit for Hong Kong Ferry was mainly derived from rental income from shops and commercial arcades. After taking into account the valuation gains on its investment properties of HK$76 million, Hong Kong Ferry's consolidated profit after taxation for the year ended 31 December 2021 increased by 345% to approximately HK$118 million as compared with the same period of 2020.

Property Development and Investment Operations

During 2021, the gross rental income arising from the commercial arcades of Hong Kong Ferry amounted to approximately HK$106 million. The commercial arcade of Metro6 was fully let as at 31 December 2021. The occupancy rate of the commercial arcades of Shining Heights and The Spectacle were 97% and 89% respectively. The occupancy rate of commercial arcades of Metro Harbour View and Green Code were 84% and 99% respectively.

The Royale, Tuen Mun, Hong Kong (artist's impression)

The Royale (8 Castle Peak Road – Castle Peak Bay, Tuen Mun) Development Project

Hong Kong Ferry's 50%/50% development joint venture with the Empire Group at The Royale, 8 Castle Peak Road, Castle Peak Bay, Tuen Mun (formerly known as Tuen Mun Town Lot No. 547), since the commencement of the sale of Phase 1 – "Seacoast Royale", Phase 2 – "Starfront Royale" and Phase 3 – "Skypoint Royale", 1,745 residential units had been sold, amounting to approximately 98% of the total units. The total sales considerations are approximately HK$8,600 million with an average selling price of saleable floor area in excess of HK$15,400 per square foot. The gross floor area of the site area is approximately 663,000 square feet. The occupation permit has been obtained in January 2022 and the project is expected to be delivered to the buyers by phases in mid-2022 and revenue from property sales will be recognised accordingly.

Kweilin Street/Tung Chau Street, Sham Shui Po Redevelopment Project

In June 2018, Hong Kong Ferry was awarded the redevelopment contract for the Kweilin Street/Tung Chau Street project in Sham Shui Po by the Urban Renewal Authority. Upon development, Hong Kong Ferry will be entitled to the residential gross floor area of about 97,845 square feet. The superstructure works were in progress and the project is expected to be completed in the first quarter of 2024.

Ferry, Shipyard and Related Operations

During the year under review, the Ferry, Shipyard and Related Operations recorded a profit of HK$8.6 million as compared with the loss of HK$17.9 million in 2020. The improvement of business results was mainly attributable to the increase in revenue from shipyard operation and the subsidy of repair and maintenance costs received from the Government for ferry operation.

Securities Investment

During the year under review, a deficit of HK$0.8 million in Securities Investment was recorded mainly due to the fair value change of certain financial assets during the year under review.

Hong Kong Ferry has planned to establish a medical aesthetic clinic and premium beauty service centre with over 10,000 square feet of floor area at Tsim Sha Tsui in mid-2022. Hong Kong Ferry expects to invest HK$40 million in 2022 and will further invest in multiple sums in the coming years. The Kweilin Street/Tung Chau Street project is expected to be completed in first quarter of 2024. The revenue from property sales of the development project "The Royale" will be booked upon the delivery of possessions to buyers. Barring any unforeseen circumstances, Hong Kong Ferry is expected to achieve a favorable result for the year of 2022.

Corporate Finance

The Group has always adhered to prudent financial management principles. At 31 December 2021, net debt amounted to HK$91,968 million (2020: HK$83,749 million) giving rise to a financial gearing ratio of 27.5% (2020: 25.6%). In addition, at 31 December 2021, shareholder's loans to the Group totaled HK$53,710 million (2020: HK$4,389 million).

During the year under review, the total land premium of HK$58,989 million for two precious development projects were settled in full before the end of financial year under review. In relation to the To Kwa Wan development project, the Group entered into shareholders' agreement with joint venture partners in February 2022 and the aggregate subscription amount of about HK$4,126 million was received in full after conclusion of the shareholders' agreement. Notwithstanding that the Group possesses sufficient internal resources and credit facilities to fund the mentioned land premium, loans with a total amount of HK$20,300 million were granted by many local and international banks which show their support towards the Group. With abundant funding, the Group made early prepayment of HK$12,300 million of these loans in the first two months of 2022. The Group plans to fully prepay the remaining loan amounts prior to their respective maturities.

As regards environmental and sustainability progress, the Group is committed to environmental protection in its property developments and has received numerous related green awards. Since 2020, green loans, green undertakings and sustainability loan facilities exceeding HK$28,000 million have been secured from the financial community with beneficial terms. Besides, the Group has issued medium term notes for a total amount of HK$28,645 million since 2018 so as to diversify its sources of funding and extend its debt maturity profile. In addition, the Group obtained seven-year Japanese Yen term loans for a total amount of JPY58,000 million and a six-year Renminbi term loan for a total amount of RMB1,000 million. The aforesaid demonstrated that the Group's prime credit standing and environmental contributions are well received by the international financial community.

Also, the Group utilised the window of the low interest rate levels to enter into certain medium and long-term interest rate swap contracts, for the purpose of converting part of the Group's borrowings from floating interest rates into fixed interest rates. These include a 3-year HK$-HONIA based interest rate swap of HK$1,000 million so as to hedge a HK$-HONIA based bank loan of the same amount. Both were pioneering deals executed between financial institutions and corporate clients in Hong Kong. They fully demonstrated the Group's commitment to support financial innovation in Hong Kong, which will benefit the Group in the long term.

Sustainability Report

Sustainability is at the heart of Henderson Land's business and the Group's focus on innovation and green building featured prominently in 2021. Two new projects, in particular, are notable for the important role they play in delivering a sustainable future for Hong Kong. The first, the Group's flagship commercial development, The Henderson, is designed with the concept of a Bauhinia bud about to blossom. Encompassing a variety of environmentally friendly designs, wellness features, and intelligent building innovations, it adheres to the Group's G.I.V.E. sustainability strategy, namely Green for Planet, Innovation for Future, Value for People and Endeavour for Community. The second is the successful bid to acquire Site 3 of New Central Harbourfront, which will see the Group curating a world-class iconic hub that embodies people-oriented and low carbon design concepts, and demonstrates support for global climate actions and the Hong Kong Green Building Council's Advancing Net Zero initiative.

As a leading property developer in Hong Kong and mainland China, one of the Group's longstanding pledges is to improve the well-being of communities. To help alleviate housing pressure in Hong Kong, the transitional housing projects with land provided by the Group have continued to apply Modular Integrated Construction ("MiC") technology to support the Government in providing transitional housing to underprivileged families. The first phase of the Kong Ha Wai project, which is the largest transitional housing project in Hong Kong, was completed in early 2022, while two more transitional housing projects at Kam Tin and Ngau Tam Mei South are under way.

Echoing the climate action urged at COP26 in 2021, the Group is integrating climate-related strategies into its decision-making process and have disclosed its mitigation measures on significant climate-related risks according to the framework from the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). The Group remains committed to innovating for a sustainable future.

The Fifth Wave COVID-19 Relief Initiatives

In the last two months, the emergence of the Omicron variant has brought about a fifth wave of the COVID-19 pandemic in Hong Kong. Due to the high transmissibility of Omicron, stringent social-distancing measures have been imposed again and various business sectors have been hard-hit. Amid such challenging conditions, Henderson Land has fulfilled its social responsibilities by offering an array of anti-epidemic assistance to the public. The Group has lent four pieces of land, with a combined land area of 1,250,000 square feet, for free to the Government for building provisional community isolation and treatment facilities, as well as cargo transfer yards. The Lee Shau Kee Foundation, in the name of the Company, funded the establishment of the "Henderson Development Anti-Epidemic Fund", which has donated about HK$20 million worth of anti-epidemic supplies to frontline healthcare workers, elderly homes and low-income families, in addition to gold and other prizes with a total value of over HK$6.3 million that were offered previously under the "Early Vaccination Incentive Scheme". Details of these relief initiatives are summarised as follows:

By Henderson Land Group in collaboration with Lee Shau Kee Foundation:	
Sites loaned	
Sites in Yuen Long and San Tin for the construction of temporary cargo transfer yards	Offering the sites at Kam Pok Road, Yuen Long and at Tun Yu Road, San Tin, which occupy 400,000 square feet and 300,000 square feet respectively, for the construction of temporary cargo transfer yards to support the establishment of centralised cargo transfer points for non-fresh food items and other goods in Hong Kong
Kong Ha Wai Transitional Housing Project site for the use of community isolation facilities	Offering the site of the Kong Ha Wai Transitional Housing Project (Phase 1), which occupies 150,000 square feet and houses a total of 781 units, for the use of community isolation facilities
Site in San Tin for the construction of community isolation and treatment facilities	Offering a 400,000-square-foot land plot in San Tin, which was the former site of San Tin Shopping City and jointly owned by Henderson Land and Sun Hung Kai Properties, for the construction of community isolation and treatment facilities
Anti-epidemic supplies and assistance	
Henderson Development Anti-Epidemic Fund x Lok Sin Tong Home Assistance Scheme	Contributing HK$7.8 million for the distribution of anti-epidemic supplies to 150 elderly homes, as well as to 5,000 low-income households whose members have tested positive for COVID-19 and are awaiting assistance at home, or whose members are currently undergoing home isolation
UNICEF HK's "for every child, care & relief" campaign	Sponsoring HK$5.4 million for the launch of the "for every child, care & relief" campaign with UNICEF HK, distributing COVID-19 relief items, such as rapid antigen test kits, food, sanitisation supplies and learning materials, to 7,400 underprivileged families with children and/or pregnant women
Support for the provision of temporary accommodation for healthcare workers of Queen Elizabeth Hospital	Contributing HK$2 million to the Hospital Authority ("HA") to support the provision of hotel accommodation for healthcare workers of Queen Elizabeth Hospital ("QEH") at the nearby Eaton Hotel Hong Kong, in support of HA's contingency measure of converting QEH into a designated hospital for COVID-19 patients
Support for Pok Oi Hospital's distribution of anti-epidemic supplies	Contributing HK$1 million to Pok Oi Hospital for the distribution of anti-epidemic supplies to frontline medical workers, COVID-19 patients and elderly home caretakers in New Territories West healthcare facilities
Support for DAB's distribution of anti-epidemic packages	Contributing HK$1 million to Democratic Alliance for the Betterment and Progress of Hong Kong ("DAB") for the distribution of some 5,000 packages of anti-epidemic supplies to low-income families
Support for Tung Wah Group of Hospitals' distribution of anti-epidemic supplies to elderly homes	Contributing HK$1 million to the Tung Wah Group of Hospitals for the distribution of anti-epidemic supplies to its 25 elderly homes
Distribution of 100,000+ N95 respirator masks to elderly homes	Funding the purchase of over 100,000 highly protective N95 respirator masks for staff and residents at elderly homes, with distribution help from The Hong Kong Council of Social Service
Hong Kong Sheng Kung Hui Welfare Council "Keep it up! Fighting Against the Epidemic" Donation Programme	Contributing HK$100,000 to the Hong Kong Sheng Kung Hui Welfare Council to support its 9 elderly homes and 3 rehabilitation homes in fighting the epidemic

Other initiatives by the Group	
Anti-epidemic soup packets and supermarket shopping coupons by HKCG	HKCG, an associate of the Group, has given away HK$3 million worth of anti-epidemic soup packets and supermarket shopping coupons.
"Credit Period Extension Scheme for the Catering Industry" by HKCG	From March, all catering operators in Hong Kong can apply for deferred gas bill payments for a period of three months.
Construction of new gas pipelines for the Lok Ma Chau Loop "mobile cabin hospitals" by HKCG	HKCG has constructed new gas pipelines with a total length of 1.5 km to supply gas to the Lok Ma Chau Loop "mobile cabin hospitals". The new pipelines will be able to provide a stable and safe gas supply to around 10,000 patients and 4,000 people working at the hospitals.
Miramar Group's "Mira Care" initiatives	Miramar Group has distributed over 100,000 sets of rapid antigen test kits to its staff, tenants and customers, as well as the wider community with the help of its NGO partners.
By Dr Lee Shau Kee's Family:	
COVID-19 relief measures by Union Hospital	Providing 24-hour outpatient service to COVID-19 patients with mild symptoms, dedicating an additional 80 hospital beds to treating non-COVID-19 patients referred by public hospitals for the purpose of easing the strain on the public healthcare system, as well as setting up a service hotline to offer free professional medical consultations to COVID-19 patients in home isolation
10% discount at all Home Market branches	Home Market, a chain of not-for-profit convenience stores established by the Lee Shau Kee Foundation, has offered a 10% discount at all of its branches.

Prospects

In addition to the negative impacts caused by the fifth wave of the pandemic on public health and the economy, the military conflict in Europe, as well as sanctions imposed by the US and Europe against Russia, have adversely affected global trade, commodity prices and oil supply. Coupled with the geopolitical tensions between China and the US, as well as a potential US dollar interest rate hike resulting from inflationary pressure in the US, Hong Kong's economic recovery is restrained.

As a result of the tightening of social distancing measures, the retail and F&B sectors are expected to remain challenging for some time and some businesses may discontinue their operations. The Group has once again offered rent concessions to distressed tenants so as to help them ride out the difficult times. A new round of electronic consumption vouchers introduced by the Financial Secretary in the 2022/23 Budget, together with the Anti-epidemic Fund's relief measures, will help to revive local economy. In addition, HKMC Insurance Limited raised the maximum property value eligible for mortgage loans to 80% loan-to-value ratio to HK$12 million (if the loan-to-value ratio is progressively adjusted to 50%, the maximum eligible property value is up to HK$19.2 million). The property market in Hong Kong will benefit accordingly.

The family of Dr Lee Shau Kee has always had the well-being of the younger generation at heart and Lee Shau Kee Foundation, in the name of the Company, also funded the establishment of the "Henderson Land Commendation Scheme for Elite Athletes". In recognition of Hong Kong athletes' admirable accomplishments at the Tokyo 2020 Olympic Games, the Tokyo 2020 Paralympic Games and the 14th National Games of the People's Republic of China, a total of HK$23,720,000 has been awarded under the Scheme during the year under review. It is hoped that, as inspired by the new Olympic motto "Faster, Higher, Stronger – Together", everyone will stand together in solidarity to support HKSAR Government's anti-pandemic efforts. Together with the staunch national support, it is expected that Hong Kong will soon resume its quarantine-free travel with the rest of the world and return to normality.

The Group continues to replenish its development land bank through multiple channels in Hong Kong. Encouraging progress was achieved: (1) Site 3 of New Central Harbourfront was acquired through public tender, adding a total gross floor area of over 1.6 million square feet to its land bank; (2) A development project in To Kwa Wan was awarded by the Urban Renewal Authority, expanding the Group's portfolio of urban redevelopment projects with 80% to 100% ownership secured to 3.85 million square feet in total attributable gross floor area, excluding a total of approximately 0.6 million square feet in attributable gross floor area which has been earmarked for sales launch in 2022. After years of active acquisition, the Group has assembled projects in Mong Kok West and Hung Hom for large-scale redevelopment and their successive sales launches will generate satisfactory returns to the Group; and (3) The Group acquired further New Territories land lots of about 450,000 square feet, increasing its land reserves in the New Territories to approximately 44.9 million square feet, which represents the largest holding among all property developers in Hong Kong. In mainland China, ten joint-venture development projects were secured, adding an aggregate attributable gross floor area of about 10.7 million square feet to its land bank. The Group has built up an extensive land bank in both Hong Kong and mainland China to support its property development for the years to come.

As regards "**property sales**", following the launch of "The Harmonie" in Cheung Sha Wan, the Group plans to launch twelve other development projects in 2022, most of them are located in urban areas. Together with unsold stock, a total of about 10,500 residential units or 2,880,000 square feet in attributable residential gross floor area will be available for sale in Hong Kong in 2022 and they stand to benefit from the Government's further relaxation of the eligibility for mortgage insurance. In addition, 240,000 square feet of office/industrial space is also available for sale. In mainland China, the Group will continue to look for investment opportunities in the first-tier cities and major second-tier cities. Furthermore, the Group will strengthen co-operation with local property developers. At the end of December 2021, attributable contracted sales of

Hong Kong and mainland properties, which are yet to be recognised in the accounts, amounted to approximately HK$27,444 million in aggregate, of which approximately HK$22,809 million is scheduled for recognition in 2022 upon completion of development and handover to buyers.

As regards "**rental business**", the Group's portfolio of completed investment properties at the end of 2022 is expected to comprise an attributable gross floor area of 9.7 million square feet in Hong Kong and 11.9 million square feet in mainland China. Included therein are the 800,000-square-foot shopping podium of "Lumina Guangzhou", which was newly completed in January 2022 following the completion of its 970,000-square-foot office towers, as well as the 3,000,000-square-foot "Lumina Shanghai", which is scheduled for completion in the first half of 2022. Both will give a further impetus to the Group's rental growth. Together with two landmark developments in Hong Kong's Central Business District (including "The Henderson", the super Grade-A office tower, as well as the project at Site 3 of New Central Harbourfront) in the pipeline, the Group's rental portfolio is poised to grow further with a more optimal composition.

The "**listed subsidiaries and associates**", namely, HKCG, Miramar, Hong Kong Ferry and HIL, provide recurrent income to the Group. In particular, HKCG had 514 projects on the mainland at the end of December 2021, spread across 28 provincial regions. With a total of about 37 million piped-gas customers in Hong Kong and mainland China, as well as its development of various extended businesses, it is poised to provide returns to the Group.

Founded in 1976, the Group's businesses have grown rapidly over the past 45 years. The dedication and professionalism of every staff member serve as a solid base for the Group's sustainable growth. Together with the support of its ample financial resources and three major business pillars (namely, "**property sales**", "**rental business**" and "**listed subsidiaries and associates**"), Henderson Land is well-placed to carry on the Group's legacy into the future for a new chapter filled with pages of sustainable success.

Appreciation

Mr Lee Tat Man will step down from his position of Non-executive Director of the Company at the conclusion of the Annual General Meeting to be held on 1 June 2022. The Board would like to express its sincere gratitude to Mr Lee Tat Man for his invaluable contribution to the Company over the past 46 years.

We would also like to take this opportunity to extend our appreciation to our fellow directors for their wise counsel, and to thank all our staff for their commitment and hard work amid the pandemic.

Dr Lee Ka Kit	**Dr Lee Ka Shing**
Chairman	*Chairman*

Hong Kong, 22 March 2022

(artist's impression)

Progress of Major Development Projects

Status of property developments with anticipated completion during the period to the end of 2024

The Royale

8 Castle Peak Road – Castle Peak Bay, Tuen Mun (16.71% owned)

The Royale, Tuen Mun, Hong Kong (artist's impression)

Site area	165,765 square feet
Gross floor area	663,062 square feet
Residential units	1,782
Completion	26 January 2022

Hong Kong Ferry's 50/50 equity joint venture development project with Empire Group at Tuen Mun Town Lot No. 547 carries the project name of "The Royale". The sale of Phase 1, "Seacoast Royale", Phase 2, "Starfront Royale" and Phase 3, "Skypoint Royale" received an overwhelming response from buyers. This project consists of six residential towers, providing 1,782 units with sea or landscape views. The gross floor area of the project is approximately 663,000 square feet.

New Kowloon Inland Lot No. 6562, Kai Tak

(100% owned)

New Kowloon Inland Lot No. 6562, Kai Tak, Hong Kong (artist's impression)

Site area	94,755 square feet
Gross floor area	397,967 square feet
Residential units	740
Completion	14 March 2022

Located at Muk Tai Street, opposite to the Group's project "The Henley", with Kai Tak MTR station in the vicinity, this site is being built into a residential development. This project commands breathtaking views of Victoria Harbour and the surrounding Kai Tak Sports Park.

The Harmonie

233 Castle Peak Road, Cheung Sha Wan (100% owned)

The Harmonie, Cheung Sha Wan, Hong Kong (artist's impression)

Site area	17,750 square feet
Gross floor area	159,748 square feet
Residential units	337
Expected completion	Third quarter of 2022

In October 2018, the Group was awarded the contract for the Castle Peak Road/ Un Chau Street redevelopment project in Sham Shui Po by the Urban Renewal Authority. Upon completion of development, the Group will be entitled to 318 residential units. With many amenities and Cheung Sha Wan MTR station in its vicinity, this 33-storey residential-cum-commercial development was well received when it was launched for sale in January 2022. Superstructure works are in progress.

The Upper South

71 Main Street, Ap Lei Chau (100% owned)

The Upper South, Ap Lei Chau, Hong Kong (artist's impression)

Site area	4,800 square feet
Gross floor area	40,318 square feet
Residential units	138
Expected completion	Fourth quarter of 2022

Located at Ap Lei Chau Main Street, opposite to the Group's project "H • Bonaire", with Lei Tung MTR station in the vicinity, this site will be developed into a 24-storey residential tower with a commercial podium, complemented by a residents' clubhouse. This project was launched for pre-sale in May 2021 and superstructure works are in progress.

29A Lugard Road, The Peak

(100% owned)

29A Lugard Road, The Peak, Hong Kong

Site area	23,653 square feet
Gross floor area	11,703 square feet
Residential unit	1
Expected completion	2022

This deluxe mansion is located in an exceptional prime area of The Peak, which offers a high degree of privacy and spectacular views of Victoria Harbour.

Fanling Sheung Shui Town Lot No. 262, Fanling North

(100% owned)

Fanling Sheung Shui Town Lot No. 262, Fanling North, Hong Kong (artist's impression)

Site area	174,236 square feet
Gross floor area	612,477 square feet
Residential units	1,576
Expected completion	Fourth quarter of 2022 (Phase 1) Second quarter of 2023 (Phase 2 and Phase 3)

The site will be developed in three phases into a residential development in a lush environment. Work has proceeded to the superstructure stage and upon full completion, this 610,000-square-foot project will consist of five residential towers providing 1,576 units with various layouts.

Caine Hill

73 Caine Road, Mid-Levels (100% owned)

Caine Hill, Mid-Levels, Hong Kong (artist's impression)

Site area	6,781 square feet
Gross floor area	64,116 square feet
Residential units	160
Expected completion	First quarter of 2023

"Caine Hill", which is a 27-storey residential-cum-commercial property at Mid-Levels, was well received when it was launched for pre-sale in December 2021. Work has proceeded to the superstructure stage.

The Holborn

1 Shau Kei Wan Road, Quarry Bay (100% owned)

The Holborn, Quarry Bay, Hong Kong (artist's impression)

Site area	13,713 square feet
Gross floor area	132,363 square feet
Residential units	420
Expected completion	Second quarter of 2023

This 31-storey residential development is close to both Tai Koo and Sai Wan Ho MTR stations. A sports centre, film archive, shopping centre hub and harbourfront park are all within its walking distance, offering unrivalled living convenience to its residents. This project received encouraging market response when it was put up for sales in September 2021. Superstructure works are in progress.

4A-4P Seymour Road, Mid-Levels

(65% owned)

4A-4P Seymour Road, Mid-Levels, Hong Kong (artist's impression)

Site area	52,453 square feet
Gross floor area	472,077 square feet
Residential units	172
Expected completion	Second quarter of 2023 (Phase 1) Third quarter of 2023 (Phase 2)

Situated in a prestigious Mid-Levels location, this joint venture residential development will be completed in two phases. Superstructure works are in progress.

The Henderson

Murray Road Office Development, Central (100% owned)

The Henderson, Hong Kong
by Zaha Hadid Architects for Henderson Land
Render by MIR

Site area	31,000 square feet
Gross floor area	465,000 square feet
Expected completion	Mid-2023

The Group's prestigious commercial site at Murray Road, Central is being developed into a 465,000-square-foot super Grade-A office tower, named "The Henderson". The building is designed as a bauhinia bud by the world-renowned architectural firm Zaha Hadid Architects, incorporating state-of-the-art building technology and advanced specifications. This landmark development is scheduled for completion in 2023.

30-44 Gillies Avenue South/75-77 Baker Street, Hung Hom

(100% owned)

30-44 Gillies Avenue South/75-77 Baker Street, Hung Hom, Hong Kong (artist's impression)

Site area	13,175 square feet
Gross floor area	120,752 square feet
Residential units	324
Expected completion	Third quarter of 2023

This is the first phase of the Group's 1,000,000-square-foot community redevelopment project in Hung Hom. Located close to an MTR station, the site will be developed into a 26-storey residential-cum-commercial tower. Construction has proceeded to the superstructure stage.

New Kowloon Inland Lot No. 6552, Kai Tak

(18% owned)

New Kowloon Inland Lot No. 6552, Kai Tak, Hong Kong (artist's impression)

Site area	105,110 square feet
Gross floor area	641,160 square feet
Residential units	566
Expected completion	Third quarter of 2023

This waterfront development, located on the former Kai Tak runway, will consist of about 600,000 square feet of residential gross floor area and some 20,000-square-foot retail space. Superstructure works are in progress and upon completion, residents will enjoy refreshing sea views with easy access to the Kai Tak Sky Garden, Kai Tak Cruise Terminal, as well as the planned Metro Park and harbourfront promenade.

New Kowloon Inland Lot No. 6574, Kai Tak

(29.3% owned)

New Kowloon Inland Lot No. 6574, Kai Tak, Hong Kong (artist's impression)

Site area	104,475 square feet
Gross floor area	574,587 square feet
Residential units	1,219
Expected completion	Fourth quarter of 2023

Located on the former Kai Tak airport runway, this waterfront residential project will be developed in two phases. Upon the full completion of the MTR Shatin to Central Link and Central Kowloon Route, the development will provide its residents with convenient access to Central and West Kowloon, which are both core business areas in Hong Kong. The impending Kai Tak Sports Park and Metro Park are both in its vicinity, bringing a refreshing and verdant touch to the project. Superstructure works are progressing as expected.

280 Tung Chau Street, Sham Shui Po

(33.41% owned)

280 Tung Chau Street, Sham Shui Po, Hong Kong (artist's impression)

Site area	16,308 square feet
Gross floor area	144,345 square feet
Residential units	262
Expected completion	First quarter of 2024

In June 2018, Hong Kong Ferry was awarded the redevelopment contract for the Kweilin Street/Tung Chau Street project in Sham Shui Po by the Urban Renewal Authority. Upon development, Hong Kong Ferry will be entitled to the residential gross floor area of about 97,845 square feet. Superstructure works are in progress.

23-37 Whampoa Street/79-81 Baker Street, Hung Hom

(100% owned)

23-37 Whampoa Street/79-81 Baker Street, Hung Hom, Hong Kong (artist's impression)

Site area	11,625 square feet
Gross floor area	108,817 square feet
Residential units	280
Expected completion	First quarter of 2024

This is another phase of the Group's 1,000,000-square-foot community redevelopment project in Hung Hom. Located close to an MTR station, the site will be developed into a 26-storey residential-cum-commercial tower. Superstructure works are in progress.

New Kowloon Inland Lot No. 6554, Kai Tak

(30% owned)

New Kowloon Inland Lot No. 6554, Kai Tak, Hong Kong (artist's impression)

Site area	197,478 square feet
Gross floor area	1,205,015 square feet
Residential units	2,062
Expected completion	First quarter of 2024

This harbourfront residential-cum-commercial development is located on the former Kai Tak airport runway. With the MTR's Tuen Ma Line being fully operational since June 2021, this project's connectivity has been enhanced. Upon full completion of the Shatin to Central Link and the Central Kowloon Route, the project will provide residents with an added access to Central and West Kowloon, both being key business hubs of the city. Foundation works are in progress.

46-50 Gillies Avenue South/39-41 Whampoa Street/12A-22A Bulkeley Street, Hung Hom

(100% owned)

46-50 Gillies Avenue South/ 39-41 Whampoa Street/ 12A-22A Bulkeley Street, Hung Hom, Hong Kong (artist's impression)

Site area	11,900 square feet
Gross floor area	107,973 square feet
Residential units	278
Expected completion	Second quarter of 2024

This is another phase of the Group's 1,000,000-square-foot community redevelopment project in Hung Hom. Located close to an MTR station, the site will be developed into a 26-storey residential-cum-commercial tower. Superstructure works are in progress.

New Kowloon Inland Lot No. 6576, Kai Tak

(30% owned)

New Kowloon Inland Lot No. 6576, Kai Tak, Hong Kong (artist's impression)

Site area	103,151 square feet
Gross floor area	722,054 square feet
Residential units	1,590
Expected completion	Second quarter of 2024

This project, located on the former Kai Tak airport runway, will be developed in three phases. In addition to the panoramic sea views, residents of this development will enjoy a vibrant living environment with easy access to the Kai Tak Sky Garden, Kai Tak Cruise Terminal nearby, as well as the planned Metro Park and harbourfront promenade. Superstructure works are in progress.

5 Sham Mong Road, Mong Kok

(formerly known as project at 25-29 Kok Cheung Street, Mong Kok) (100% owned)

5 Sham Mong Road, Mong Kok, Hong Kong (artist's impression)

Site area	26,953 square feet
Gross floor area	242,518 square feet
Residential units	614
Expected completion	Second quarter of 2024

Located opposite to the Group's project "Aquila • Square Mile", with Olympic MTR station in its proximity, this site will be developed into a 22-storey residential-cum-commercial tower with a 3-storey podium, complemented by a 3-storey basement. Construction has proceeded to the superstructure stage.

3 Mei Sun Lane, Tai Po

(100% owned)

3 Mei Sun Lane, Tai Po, Hong Kong (artist's impression)

Site area	7,976 square feet
Gross floor area	43,220 square feet
Residential units	136
Expected completion	Fourth quarter of 2024

Located near Tai Wo MTR station with many amenities such as Tai Po Sports Ground and Tai Po Public Swimming Pool in its vicinity, the site will be developed into a residential-cum-commercial development. Foundation works are in progress.

39-53 Tai Kok Tsui Road, Tai Kok Tsui

(100% owned)

39-53 Tai Kok Tsui Road, Tai Kok Tsui, Hong Kong (artist's impression)

Site area	9,642 square feet
Gross floor area	86,778 square feet
Residential units	246
Expected completion	Fourth quarter of 2024

Located close to the Group's "Cetus•Square Mile" with the Olympic MTR station in its proximity, this residential-cum-commercial development is surrounded by a vibrant neighbourhood with various amenities and shopping arcades. Foundation works are in progress.

Location of Various Categories of Development Projects

Unsold units from the major development projects offered for sale

1 The Henley (Phases 1 and 3 of the Henley)
2 Eden Manor
3 The Holborn
4 Aquila • Square Mile
5 Caine Hill
6 Wellesley
7 Cetus • Square Mile
8 Double Cove – Phases 1-5
9 Arbour
10 The Upper South
11 The Royale – Phases 1-3
12 The Hampstead Reach
13 South Walk • Aura
14 The Addition
15 Two • Artlane
16 The Richmond
17 NOVUM EAST
18 The Vantage
19 PARKER33
20 Global Gateway Tower
21 E-Trade Plaza
22 Mega Cube
23 The Globe

Projects pending sale in 2022

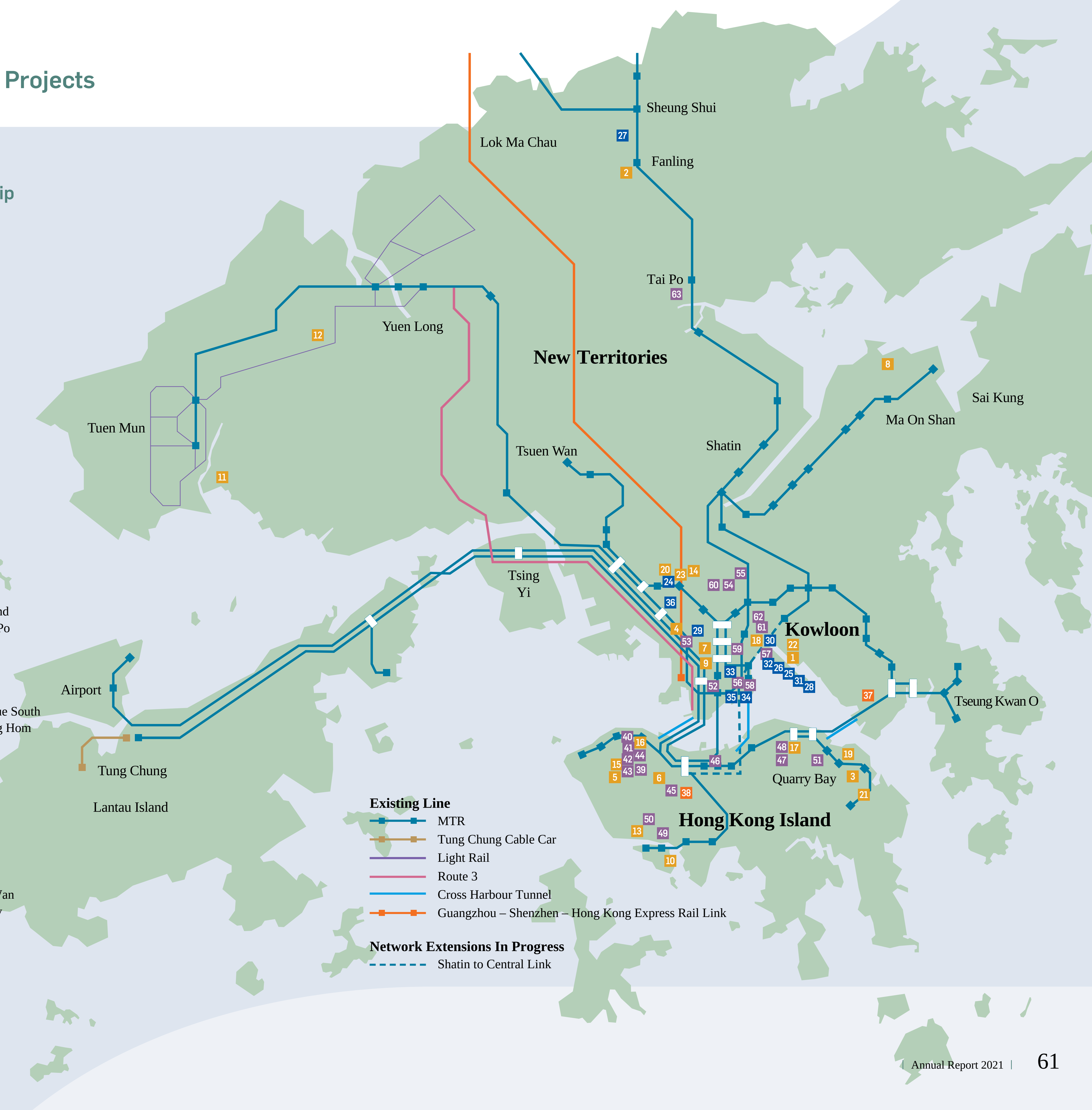
24 The Harmonie
25 New Kowloon Inland Lot No. 6562, Kai Tak
26 New Kowloon Inland Lot No. 6554, Kai Tak
27 Fanling Sheung Shui Town Lot No. 262, Fanling North (Phase 1)
28 New Kowloon Inland Lot No. 6576, Kai Tak
29 5 Sham Mong Road, Mong Kok
30 The Henley (Phase 2 of the Henley)
31 New Kowloon Inland Lot No. 6574, Kai Tak
32 New Kowloon Inland Lot No. 6552, Kai Tak
33 30-44 Gillies Avenue South/75-77 Baker Street, Hung Hom
34 23-27 Whampoa Street/79-81 Baker Street, Hung Hom
35 46-50 Gillies Avenue South/39-41 Whampoa Street/12A-22A Bulkeley Street, Hung Hom
36 280 Tung Chau Street, Sham Shui Po

Existing Urban Redevelopment Projects

37 Yau Tong Bay
38 29A Lugard Road, The Peak

Newly-acquired Urban Redevelopment Projects – with 80% to 100% ownership secured

39 4A-4P Seymour Road, Mid-Levels
40 88 Robinson Road, Mid-Levels
41 94-100 Robinson Road, Mid-Levels
42 105 Robinson Road, Mid-Levels
43 33-47A Elgin Street, Mid-Levels
44 1-4 Ladder Street Terrace, Mid-Levels
45 63 Macdonnell Road, Mid-Levels
46 13-21 Wood Road and 22-30 Wing Cheung Street, Wanchai
47 9-13 Sun Chun Street, Tai Hang
48 17-25 Sun Chun Street, Tai Hang
49 83-95 Shek Pai Wan Road and 2 Tin Wan Street, Aberdeen
50 4-6 Tin Wan Street, Aberdeen
51 983-987A King's Road and 16-22 and 24-94 Pan Hoi Street, Quarry Bay
52 16 Kimberley Road, Tsim Sha Tsui
53 Various projects spanning Ka Shin Street, Pok Man Street, Man On Street and Tai Kok Tsui Road, Tai Kok Tsui
54 456-466 Sai Yeung Choi Street North and 50-56A Wong Chuk Street, Sham Shui Po
55 1-27 Berwick Street, 202-220 Nam Cheong Street and 1-14 Yiu Tung Street, Shek Kip Mei
56 Various projects spanning Gillies Avenue South Baker Street and Whampoa Street, Hung Hom
57 68A-76B To Kwa Wan Road, 58-76 Lok Shan Road, 14-20 Ha Heung Road, 1-7 Lai Wa Street and, 1-9 and 2-8 Mei Wa Street, To Kwa Wan
58 Bailey Street/Wing Kwong Street Development Project, To Kwa Wan
59 4 Liberty Avenue, Ho Man Tin
60 11-19 Wing Lung Street, Cheung Sha Wan
61 67-83 Fuk Lo Tsun Road, Kowloon City
62 4-24 Nam Kok Road, Kowloon City
63 3 Mei Sun Lane, Tai Po



Major Completed Investment Properties

Name	Location	Lease expiry	Group's interest (%)	Attributable gross floor area (square feet)					Attributable no. of carpark
				Residential/ Hotel Serviced Suite	Commercial	Office	Industrial/ Office	Total	
Hong Kong Island									
One International Finance Centre	1 Harbour View Street, Central	2047	40.77	–	53,465	319,833	–	**373,298**	71
Two International Finance Centre (excluding levels of 33 to 52, 55, 56 and 77 to 88)	8 Finance Street, Central	2047	40.77	–	207,474	451,857	–	**659,331**	189
Four Seasons Place	8 Finance Street, Central	2047	40.77	216,103	–	–	–	**216,103**	7
H Code	45 Pottinger Street, Central	2842	19.10	–	25,975	–	–	**25,975**	–
Eva Court	36 MacDonnell Road, Mid-Levels	2895	100.00	108,214	–	–	–	**108,214**	49
FWD Financial Centre	308-320 Des Voeux Road Central, Sheung Wan	2865	100.00	–	31,987	182,373	–	**214,360**	–
AIA Tower	183 Electric Road, North Point	2047	100.00	–	22,338	490,072	–	**512,410**	207
Harbour East	218 Electric Road, North Point	2050	100.00	–	13,923	130,077	–	**144,000**	24
208 JOHNSTON	206-212 Johnston Road, Wanchai	2858	100.00	–	26,905	38,015	–	**64,920**	–
Mira Moon	388-390 Jaffe Road, Wanchai	2026	100.00	66,128	–	–	–	**66,128**	–
NOVUM EAST	856 King's Road, Quarry Bay	2893	100.00	–	28,365	–	–	**28,365**	–
Kowloon									
Manulife Financial Centre	223-231 Wai Yip Street, Kwun Tong	2050	88.50	–	47,860	919,004	–	**966,864**	394
52 Hung To Road	52 Hung To Road, Kwun Tong	2047	100.00	–	–	–	125,114	**125,114**	–
78 Hung To Road	78 Hung To Road, Kwun Tong	2047	100.00	–	–	–	119,995	**119,995**	16
H Zentre	15 Middle Road, Tsim Sha Tsui	2064	100.00	–	339,711	–	–	**339,711**	470
Nathan Hill	38 Hillwood Road, Tsim Sha Tsui	2043	100.00	–	55,031	–	–	**55,031**	–
AIA Financial Centre	712 Prince Edward Road East, San Po Kong	2047	100.00	–	–	216,593	–	**216,593**	70
Well Tech Centre	9 Pat Tat Street, San Po Kong	2047	100.00	–	–	161,998	–	**161,998**	40
Winning Centre	29 Tai Yau Street, San Po Kong	2047	100.00	–	–	–	150,212	**150,212**	–
Hollywood Plaza	610 Nathan Road, Mong Kok	2047	33.33	–	33,511	64,422	–	**97,933**	–
Square Mile	11 Li Tak Street, 18 Ka Shin Street and 38 Fuk Chak Street, Mong Kok	2870/ 2041	100.00	–	94,934	–	–	**94,934**	–
Cité 33	33 Lai Chi Kok Road, Mong Kok	2026	100.00	–	13,620	–	–	**13,620**	–
The Sparkle	500 Tung Chau Street, Cheung Sha Wan	2055	100.00	–	53,443	–	–	**53,443**	–
The Henley	7 Muk Tai Street, Kai Tak	2066	100.00	–	26,132	–	–	**26,132**	76
The Vantage	63 Ma Tau Wai Road, Hung Hom	2050	100.00	–	36,574	–	–	**36,574**	–
The Zutten	50 Ma Tau Kok Road	2050	100.00	–	17,078	–	–	**17,078**	–

				Attributable gross floor area (square feet)					
Name	Location	Lease expiry	Group's interest (%)	Residential/ Hotel Serviced Suite	Commercial	Office	Industrial/ Office	Total	Attributable no. of carpark
New Territories									
KOLOUR • Tsuen Wan I	68 Chung On Street, Tsuen Wan	2047	74.96	–	138,555	156,981	–	**295,536**	100
KOLOUR • Tsuen Wan II	145-165 Castle Peak Road, Tsuen Wan	2047	100.00	–	155,022	–	–	**155,022**	85
Skyline Plaza	88 Tai Ho Road, Tsuen Wan	2047	100.00	–	154,259	–	–	**154,259**	104
Shatin Plaza	21-27 Shatin Centre Street, Sha Tin	2047	77.55	–	114,730	–	–	**114,730**	67
Shatin Centre	2-16 Wang Pok Street, Sha Tin	2047	100.00	–	100,029	–	–	**100,029**	408
MOSTown	18 On Luk Street and 628 Sai Sha Road, Ma On Shan	2047	100.00	–	612,279	–	–	**612,279**	1,053
MOSTown Street	8, 18 and 22 On Shing Street, Ma On Shan	2047	100.00	–	78,422	–	–	**78,422**	186
Double Cove	8 Wu Kai Sha Road, Ma On Shan	2060	59.00	–	63,486	–	–	**63,486**	164
MCP Central	8 Yan King Road, Tseung Kwan O	2047	100.00	–	956,849	–	–	**956,849**	669
MCP Discovery	8 Mau Yip Road, Tseung Kwan O	2047	100.00	–	266,954	–	–	**266,954**	233
La Cité Noble Shopping Arcade	1 Ngan O Road, Tseung Kwan O	2047	100.00	–	35,186	–	–	**35,186**	–
KOLOUR • Yuen Long	1 Kau Yuk Road, Yuen Long	2047	100.00	–	140,341	–	–	**140,341**	51
Fanling Centre	33 San Wan Road, Fanling	2047	100.00	–	151,513	–	–	**151,513**	302
Flora Plaza	88 Pak Wo Road, Fanling	2047	60.00	–	94,657	–	–	**94,657**	130
Dawning Views Plaza	23 Yat Ming Road, Fanling	2047	100.00	–	87,766	–	–	**87,766**	–
Citygate	20 Tat Tung Road, Tung Chung and Tung Chung Town Lot No. 11, Lantau Island	2047	20.00	–	160,767	32,280	–	**193,047**	233
The Trend Plaza	Tuen Mun Heung Sze Wui Road	2047	100.00	–	195,280	–	–	**195,280**	78
The Sherwood	8 Fuk Hang Tsuen Road, Tuen Mun	2052	100.00	–	30,139	–	–	**30,139**	250
Marina Cove	Lot No. 526 in D.D. No. 210, Sai Kung	2047	40.00	–	9,566	–	–	**9,566**	151 *(Note)*
			Total:	**390,445**	**4,674,126**	**3,163,505**	**395,321**	**8,623,397**	**5,877**

Note: In addition there are 121 pontoons and 30 hardstand spaces attributable to the Group

Major Completed Investment Properties

Major Completed Investment Properties

1 One International Finance Centre
2 Two International Finance Centre
3 Four Seasons Place
4 H Code
5 Eva Court
6 FWD Financial Centre
7 AIA Tower
8 Harbour East
9 208 JOHNSTON
10 Mira Moon
11 NOVUM EAST
12 Manulife Financial Centre
13 52 Hung To Road
14 78 Hung To Road
15 H Zentre
16 Nathan Hill
17 AIA Financial Centre
18 Well Tech Centre
19 Winning Centre
20 Hollywood Plaza
21 Square Mile
22 Cité 33
23 The Sparkle
24 The Henley
25 The Vantage
26 The Zutten
27 KOLOUR • Tsuen Wan I
28 KOLOUR • Tsuen Wan II
29 Skyline Plaza
30 Shatin Plaza
31 Shatin Centre
32 MOSTown
33 MOSTown Street
34 Double Cove
35 MCP Central
36 MCP Discovery
37 La Cité Noble Shopping Arcade
38 KOLOUR • Yuen Long
39 Fanling Centre
40 Flora Plaza
41 Dawning Views Plaza
42 Citygate
43 The Trend Plaza
44 The Sherwood
45 Marina Cove

Residential / Hotel Serviced Suites
Commercial
Office
Industrial / Office
Commercial & Office

Existing Line

MTR
Tung Chung Cable Car
Light Rail
Route 3
Cross Harbour Tunnel
Guangzhou – Shenzhen – Hong Kong Express Rail Link

Network Extensions In Progress

Shatin to Central Link

L U M I N A

G U A N G Z H O U

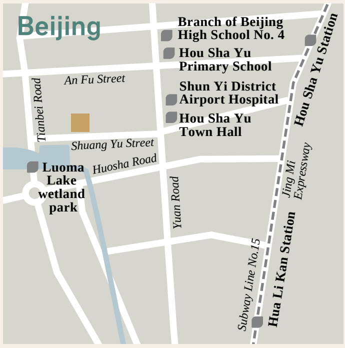
GUANGZHOU

Progress of Major Development Projects

Beijing

Lakeside Mansion (24.5% owned)

Located in the central villa area of Houshayu town, Shunyi District, "Lakeside Mansion" is adjacent to the Luoma Lake wetland park and various educational and medical institutions. The site of about 700,000 square feet will be developed into low-rise country-yard townhouses and high-rise apartments, complemented by commercial and community facilities. The country-yard townhouses and high-rise apartments were completed in the second quarter of 2021 and handed over to buyers in the third quarter of 2021, providing a total gross floor area of about 1,060,000 square feet. The completion schedule of its remaining commercial portion is to be confirmed, depending on the market condition.



Lakeside Mansion, Beijing (artist's impression)

Beijing

Residential project in Chaoyang District (100% owned)

Located in the villa area of Sunhe, Chaoyang District, this project is adjacent to the Wenyu River wetland park, Sunhe subway station and an array of educational and medical institutions. The site of about 420,000 square feet will be developed into low-density luxury residences. The project is under construction and it will provide a total gross floor area of about 460,000 square feet for 150 households upon scheduled completion in the second quarter of 2023.

Residential project in Chaoyang District, Beijing (artist's impression)

Beijing

Residential-cum-commercial project in Chaoyang District (50% owned)

Located in the upmarket residential neighbourhood of Sunhe Xiang, Chaoyang District, with Sunhe station of subway line 15 and Jingping Highway in its vicinity, this project is characterised by its blending of transportation convenience with the natural beauty of its surrounding area. The site of about 340,000 square feet will be developed into a low-density residential-cum-commercial development, complemented by community facilities. The project is under construction and it is scheduled for completion in the fourth quarter of 2022 with a total gross floor area of about 570,000 square feet for 152 households.

Residential-cum-commercial project in Chaoyang District, Beijing (artist's impression)

Changsha

The Landscape (50% owned)

Located in Kaifu District with convenient access, the 5,490,000-square-foot land lot will be built in five phases, offering luxury villas, high-rise apartments and commercial facilities with a total gross floor area of around 9,650,000 square feet for 6,443 households. Of which, a total gross floor area of about 6,760,000 square feet was already completed, whilst the remaining residential and commercial spaces with a total gross floor area of about 2,890,000 square feet are scheduled for completion in 2022.

The Landscape, Changsha (artist's impression)

Chengdu

Chengdu ICC (30% owned)

Situated in Jinjiang District, the 14-million-square-foot Chengdu ICC is a large-scale integrated development sitting atop an interchange station of two subway lines. The project commands a convenient location with close proximity to the Chengdu East Railway Station, the city's main hub of inter-city trains and High Speed Rail, as well as exceptional natural scenery of the adjacent Tazishan Park and Shahe River. Comprising about eight million square feet of quality residences, four million square feet of prime office space, close to two million square feet of retail space and a five-star hotel, the project is poised to become a prominent landmark. Phase 1 and Phase 2A of the project, providing a combined residential gross floor area of about 2.3 million square feet, were handed over to buyers before mid-2018. The 1,000,000-square-foot Phase 2B, namely The Arch Suites, was also completed in 2020, providing over 1,100 residential units. They are now in the sales pipeline. Phase 2C, together with Phase 3 which was completed in April 2021, contain a retail street and a shopping mall with a combined area of 1.4 million square feet. They will offer customers an exclusive one-stop shopping experience upon opening in the second quarter of 2022. Atop the shopping mall, twin office towers with a total gross floor area of over 2.3 million square feet are scheduled for completion in 2022.

Chengdu ICC, Chengdu (artist's impression)

Chengdu

Residential project in Xindu District (50% owned)

Located at the core area of Xindu District, this project is surrounded by a vibrant neighbourhood with various amenities and shopping arcades. The 1,040,000-square-foot land lot will be built in two phases as a high-end residential development. Upon completion, it will provide a total gross floor area of about 2,600,000 square feet for more than 1,600 households, complemented by a deluxe residents' clubhouse. The project is under construction and its Phase 1 development is slated for completion in the third quarter of 2022, providing a total gross floor area of about 1,140,000 square feet.

Residential project in Xindu District, Chengdu (artist's impression)

Chengdu

Residential project in Jianyang New Industrial Development Zone (50% owned)

This project is located in Jianyang New Industrial Development Zone, with the new Chengdu Airport in its proximity. Two land lots with a total site area of approximately 340,000 square feet will be developed in two phases into a residential community for about 846 households. The project is under construction and its Phase 1 development is planned for completion in the second quarter of 2022, providing a total gross floor area of about 320,000 square feet. The remaining Phase 2 development is planned for completion in the third quarter of 2022, providing a total gross floor area of about 520,000 square feet.

Residential project in Jianyang New Industrial Development Zone, Chengdu (artist's impression)

Chengdu

CIFI Centre (50% owned)

Adjacent to the Wansheng Transit-oriented Development (TOD) hub in Wenjiang District, the site is planned to be developed into a large-scale integrated community, comprising commercial complex, quality residences and ecological park. The land lot with a site area of approximately 2,000,000 square feet will be developed in five phases. Phase 1 and Phase 4, which have a combined gross floor area of about 2,840,000 square feet, are expected to be completed in the second quarter of 2023 and the first quarter of 2023 respectively.

CIFI Centre, Chengdu (artist's impression)

Chengdu

Project in Xinjin District (50% owned)

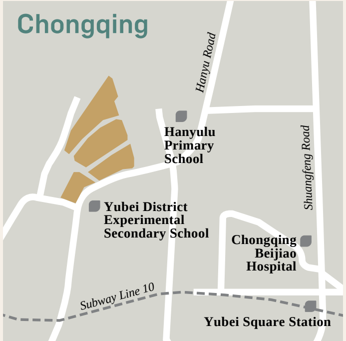
Adjacent to the upcoming Transit-oriented Development (TOD) hub in Xinjin District, this project is just a 30-minute drive away from the city centre. The land lot with a site area of approximately 680,000 square feet will be developed in two phases, providing an aggregate gross floor area of about 1,030,000 square feet for 798 households upon completion. Construction works are in progress and the entire development is expected to be completed in the second quarter of 2023.

Project in Xinjin District, Chengdu (artist's impression)

Chongqing

Project in Yubei District (50% owned)

Located in Lianglu Konggang area, Yubei District, this project is surrounded by a vibrant neighbourhood with Guanyin Rock Park and various popular schools in its vicinity. The land lot with a site area of about 1,100,000 square feet is planned to be developed into an integrated community. Comprising low-rise residential buildings, townhouses and villas, this project will provide 1,562 residential units with a total residential gross floor area of about 1,610,000 square feet. The project will be developed in four phases. Phase 1 and Phase 2 are both under construction, and they will provide a total gross floor area of about 370,000 square feet and 470,000 square feet respectively.



Project in Yubei District, Chongqing (artist's impression)

Dongguan

Project in Shijie District (50% owned)

This project is located in Shijie District, with an array of ecological parks, educational and commercial facilities in its vicinity. The land lot with a site area of approximately 280,000 square feet is planned to be developed into high-rise apartments, complemented by commercial, office and community facilities. Construction works are in progress. This project is scheduled for completion and handover to buyers in 2023, providing a total gross floor area of about 860,000 square feet.

Project in Shijie District, Dongguan (artist's impression)

Foshan

Project in Chancheng District (50% owned)

Located in Zhangcha town, Chancheng District, this project is surrounded by a vibrant neighbourhood with various schools, shopping arcades and greenery parks. The land lot with a site area of about 500,000 square feet will be built in two phases, offering 1,191 residential units with a total residential gross floor area of about 1,320,000 square feet. The project is under construction and its first phase of about 900,000 square feet is scheduled for completion and handover to buyers in mid-2024.

Project in Chancheng District, Foshan (artist's impression)

Guangzhou

Lumina Guangzhou (100% owned)

"Lumina Guangzhou" in Yuexiu District is an integrated development, sitting on the bank of the Pearl River with a direct connection to two subway lines. The leasing response for its twin Grade-A office towers, which were completed in June 2020 with a total gross floor area of about 970,000 square feet, has been encouraging. Meanwhile, its 800,000-square-foot shopping podium is designed to become a one-stop landmark destination, combining retail, dining and entertainment. An array of international retail brands and specialty restaurants will be brought in so as to provide customers with a multifarious shopping and leisure experience. This shopping podium was completed in January 2022, giving a further impetus to the Group's rental growth.

Lumina Guangzhou, Guangzhou

Guangzhou

Runyue Huayuan (10% owned)

Located in Sanlian village, Zengcheng District, with Guangshan highway and Zhonggang station of the planned subway line 21 in its vicinity, a land lot of 920,000 square feet will be developed in phases into high-rise apartments, complemented by commercial and community facilities. Its Phase 1 development was completed in 2021, providing a total gross floor area of around 1,070,000 square feet. The remaining phases are scheduled for completion in 2022, providing a total gross floor area of about 1,760,000 square feet.

Runyue Huayuan, Guangzhou (artist's impression)

Guangzhou

Commercial-cum-residential project in Panyu District (50% owned)

Located in Panyu District, this project commands panoramic views of the Pearl River with Guangzhou Higher Education Mega Centre on its opposite shore. A commercial-cum-residential land lot, with a site area of about 1,090,000 square feet, will be developed into high-rise apartments, complemented by commercial and community facilities, providing a total gross floor area of about 3,280,000 square feet. Of which 2,830,000 square feet (including basement) is under construction and it is scheduled for phased handover to buyers during the period from 2024 to 2026.

Commercial-cum-residential project in Panyu District, Guangzhou (artist's impression)

Guangzhou

Project in Nansha District (25% owned)

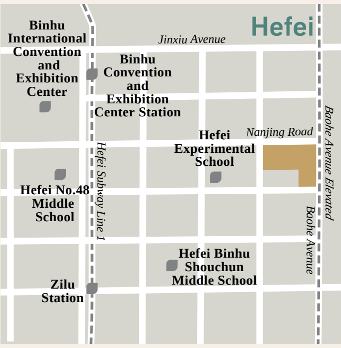
Located next to the site of "International Financial Forum" in Nansha District, this project is close to Hengli station of Subway Line No. 18, which is just six stops from the city's CBD (namely Zhujiang New Town). The land lot with a site area of approximately 580,000 square feet will be developed in four phases, providing high-rise apartments, townhouses, commercial space and community facilities with an aggregate gross floor area of about 3,780,000 square feet. Construction works already commenced and the first phase of about 790,000 square feet is expected to be completed in the fourth quarter of 2022.

Project in Nansha District, Guangzhou (artist's impression)

Hefei

Xuheng Huayuan (50% owned)

At the junction of Binhu New District and the administration zone of the municipal government, the 540,000-square-foot land lot will be built as a composite development with a total residential gross floor area of over 1,380,000 square feet accommodating more than 800 households, complemented by commercial facilities. The first batch of residences with a total gross floor area of about 900,000 square feet was completed in the fourth quarter of 2021. The remaining residential gross floor area of about 480,000 square feet is scheduled for completion in the second quarter of 2022.



Xuheng Huayuan, Hefei (artist's impression)

Shanghai

Lumina Shanghai (100% owned)

"Lumina Shanghai" is located in the Xuhui Riverside Development Area. The 61-storey iconic office tower of its Phase 1 Development, which has direct access to Longyao Subway Station, will provide approximately 1,800,000 square feet of Grade-A office space. Various multinational corporations have already committed to be tenants. An array of specialty restaurants have also been introduced to its 200,000-square-foot shopping mall to facilitate the customers' dining experience. Phase 2 development, which consists of four office towers, five commercial towers and a multi-functional event venue, will provide an additional office and retail space of about 1,000,000 square feet. Two world-renowned automotive corporations have committed to lease its office space. The entire "Lumina Shanghai" is planned for completion in the first half of 2022.

Lumina Shanghai, Shanghai

Shanghai

Project at Pudong New District (51% owned)

Located at Lujiazui's core financial hub with Pudong Avenue station of subway line 4 in the vicinity, the 330,000-square-foot land lot in Pudong New District will be developed into a composite development comprising office space and a commercial podium. The planning permit for this project has been obtained already. Construction is scheduled to commence in the first quarter of 2022 and upon planned completion in 2025, it will provide a total developable gross floor area of over 830,000 square feet.

Project at Pudong New District, Shanghai (artist's impression)

Shenzhen

Nanshan Project (50% owned)

Located in Nanyou section of Nanshan District, with the subway stations of Nanyou West and Nanyou in its proximity, a 70,000-square-foot land lot will be developed into an integrated complex with industrial R&D office space, dormitory, and commercial facilities. Construction works already commenced and it is planned for completion in 2024, providing a total gross floor area of about 420,000 square feet.

Nanshan Project, Shenzhen (artist's impression)

Shijiazhuang

Project in Changan District (50% owned)

Two projects, which are both conveniently located near the North Second Ring Road in the city's core Changan District, are under development. The land lot located at Xincheng Avenue with a site area of approximately 2,300,000 square feet will be developed into a large-scale community. This project will comprise about 3,910,000 square feet or 3,145 residential units, 660,000 square feet or 1,393 apartments, 150,000 square feet of commercial space and 100,000 square feet of kindergarten and primary school. Phase 1 and Phase 2, which are both under construction, will provide a combined gross floor area of about 1,990,000 square feet upon scheduled completion in the second quarter of 2022. In addition, the project at Qingcui Street is expected to be completed in the second quarter of 2022, offering 352 residential units with a total residential gross floor area of about 340,000 square feet, on the site area of about 120,000 square feet.

Project in Changan District, Shijiazhuang (artist's impression)

Suzhou

Riverside Park (100% owned*)

Riverside Park is a community development project in Xiangcheng District. The entire residential community, which was developed in six phases, was completed. There is also an adjoining integrated commercial project. Phase 1, which boasts a total gross floor area of about 990,000 square feet, was completed and delivered. Phase 2 development is under construction and it will provide a total gross floor area of about 1,100,000 square feet upon scheduled completion in 2023.

*(*CIFI, which participates in the development of Phase 5 (Block Nos. 24 and 30) and Phase 6 of its residential community as well as the integrated commercial project, shares 30% of their costs and economic interests.)*

Riverside Park, Suzhou (artist's impression)

Suzhou

Residential project in Wujiang Development Zone (50% owned)

Located in Wujiang Development Zone, a 980,000-square-foot land lot will be developed in two phases into a residential community for about 1,700 households. The project is under construction and its Phase 1 and Phase 2 developments are planned for completion in the second quarter of 2022, providing a total gross floor area of about 900,000 square feet. The remaining Phase 3 development is planned for completion in the third quarter of 2022, providing a total gross floor area of about 860,000 square feet.

Residential project in Wujiang Development Zone, Suzhou (artist's impression)

Suzhou

Project in Xiangcheng District (34.5% owned)

Adjacent to the scenic Shengze Lake area in Xiangcheng District, this project is just a 30-minute drive away from the Suzhou Industrial Park. The land lot with a site area of approximately 490,000 square feet is being developed into a low-density residential development. The entire project is expected to be completed in the fourth quarter of 2022, providing an aggregate gross floor area of about 510,000 square feet for 302 households.

Project in Xiangcheng District, Suzhou (artist's impression)

Tianjin

Project in Dongli District (50% owned)

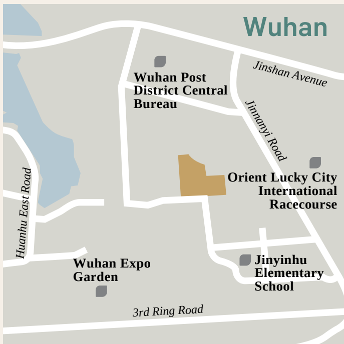
Adjacent to subway line No. 2, this project is conveniently located within the bustling Outer Ring Road East of Dongli District. The land lot with a site area of about 1,000,000 square feet will be developed in phases, offering 1,618 residential units with a total residential gross floor area of about 1,750,000 square feet. Phase 1 and Phase 2, which are both under construction with a combined gross floor area of about 1,120,000 square feet, are expected to be completed in the fourth quarter of 2023 and the second quarter of 2024 respectively.

Project in Dongli District, Tianjin (artist's impression)

Wuhan

Project in Dongxiwu District (50% owned)

Located in Dongxiwu District, with Third Ring Road and an interchange station of two subway lines in its vicinity, this project is characterised by its blending of transportation convenience with the sprawling views of its surrounding scenic Wuhan Expo Garden and international golf course. The land lot with a site area of about 480,000 square feet is planned to be developed into a high-end residential development, offering 919 units with a total residential gross floor area of over 1,300,000 square feet. Construction already commenced in the third quarter of 2021.



Project in Dongxiwu District, Wuhan (artist's impression)

Xiamen

Residential project in Huli District (50% owned)

Located at Wuyuanwan, Huli District, this project is close to the business hub with an array of educational and medical institutions in its vicinity. The site of about 200,000 square feet will be developed into a high-end residential development, offering 348 units with a total residential gross floor area of about 680,000 square feet. The project, which is now under construction, is planned for completion in 2022.

Residential project in Huli District, Xiamen (artist's impression)

Xian

La Botanica (50% owned)

La Botanica is located within the scenic Chan Ba Ecological District with a subway line connecting it to the city centre. This community development will have a total gross floor area of about 32,850,000 square feet, providing homes for over 27,500 households upon full completion, of which, a total gross floor area of about 22,300,000 square feet was already completed and delivered to buyers. For its 3,730,000-square-foot Phase 1R1 development, the C1/C2 section is scheduled for completion in the second quarter of 2022, whilst the remaining C3/C4 is scheduled for completion in the third quarter of 2022. Phases 3R5 and 3R1, which are also under construction, are scheduled for completion in the first half of 2023, providing a total gross floor area of about 1,300,000 square feet and 1,190,000 square feet respectively.

La Botanica, Xian (artist's impression)

Xuzhou

Grand Paradise (100% owned)

Catering to mid to high-end home buyers, Grand Paradise benefits from the scenic natural landscape of Dalong Lake, convenient transportation and a comprehensive range of facilities. Premium residences with a total gross floor area of about 4,500,000 square feet were handed over to buyers. The project also boasts a commercial area of over 600,000 square feet, of which about 570,000 square feet was already completed in the fourth quarter of 2021. Its completion certificate is expected to be received in the first quarter of 2022.

Grand Paradise, Xuzhou

Yixing

Grand Lakeview (100% owned*)

Set amongst lush, tranquil surroundings in Dongjiu District, Grand Lakeview is just a five-minute drive away from the city centre. This lakefront development offers luxury living in a mix of semi-detached and duplex houses, multi-storey and low-rise apartments, providing an aggregate gross floor area of about 9,000,000 square feet for over 6,800 households. The entire residential developments at Sites B1 and F were completed. The remaining commercial development at Site F is scheduled for completion in the second quarter of 2022, providing a total gross floor area of about 90,000 square feet.

*(*CIFI, which participates in its development of Phases 2A, 2B and 3 at Site F and Phases 2 and 3 at Site B1, shares 50% of their costs and economic interests.)*

Grand Lakeview, Yixing

Major Completed Investment Properties

Name	Location	Lease expiry	Group's interest (%)	Attributable gross floor area (square feet) Commercial	Office	Total	Attributable no. of carpark
Beijing							
World Financial Centre	No. 1 East Third Ring Middle Road, Chaoyang District	2044	100.00	212,644	1,999,947	**2,212,591**	1,163
Shanghai							
Henderson Metropolitan	No. 300 Nanjing Road East, Huangpu District	2053	100.00	406,618	427,980	**834,598**	272
Henderson 688	No. 688 Nanjing Road West, Jingan District	2044	100.00	49,807	660,829	**710,636**	404
2 Grand Gateway	No. 3 Hong Qiao Road, Xuhui District	2043	100.00	–	687,981	**687,981**	–
Skycity	No. 547 Tian Mu Road West, Jingan District	2042	100.00	293,448	143,401	**436,849**	272
Centro	No. 568 Heng Feng Road, Jingan District	2042	100.00	65,467	368,658	**434,125**	186
Greentech Tower	No. 436 Heng Feng Road, Jingan District	2042	100.00	52,922	355,882	**408,804**	163
The Roof (formerly known as Hengxu Hui)	No. 1-36, Lane 458, Madang Road, Huangpu District	2054	50.00	53,020	128,177	**181,197**	82
Guangzhou							
Lumina Guangzhou	No. 13 Qiaoguangxi Road and No. 181 Yanjiangxi Road, Yuexiu District	2033	100.00	–	972,946	**972,946**	–
Heng Bao Plaza	No. 133 Bao Hua Road, Liwan District	2040	100.00	609,550	–	**609,550**	326
Chengdu							
Chengdu ICC Shopping Mall (Phase 1)	No. 577 Dongda Road, Jinjiang District	2048	30.00	272,846	–	**272,846**	963
Xian							
La Botanica	No. 299, Northern Section of East Chenhe Road, Chanba Biological Zone	2078	50.00	302,264	–	**302,264**	478
			Total:	**2,318,586**	**5,745,801**	**8,064,387**	**4,309**

Business Model and Strategic Direction

Business Model

Henderson Land has established a diversified business model which comprises "three pillars" namely, property investment, strategic investments and property development in both Hong Kong and mainland China. The property investment business and strategic investments provide a reliable and growing income source to the Group, while the property development business is a dynamic profit driver.

The Group's property development business in Hong Kong is vertically integrated, enabling the design, development, construction, sales and management of development projects to be executed in an efficient manner. In addition to actively participating in public tenders, the Group also applies a cost effective approach of land banking by acquiring old buildings for redevelopment in the urban areas and converting the land-use of New Territories land in order to obtain development land sites at a reasonable cost. For mainland China projects, the Group continues to co-operate with mainland property developers in jointly developing large-scale residential sites in the first-tier cities as well as the second-tier cities with high growth potential, which are characterised by a preponderance of middle class residents, whilst also expanding its premier portfolio of commercial investment properties in the first-tier cities.

In Hong Kong, the Group's substantial and diverse property investment portfolio mainly comprises offices and shopping arcades in core areas, as well as a number of large-scale shopping malls located in strategic locations above or adjacent to MTR stations. In mainland China, the Group owns exceptionally well designed and quality large-scale commercial complexes situated in prime locations for rental purposes.

As regards strategic investments, the Group is the largest shareholder of two listed companies, namely, The Hong Kong and China Gas Company Limited ("HKCG") and Hong Kong Ferry (Holdings) Company Limited ("HKF"). HKCG is engaged in the production and distribution of gas in Hong Kong and mainland China. HKF is engaged in property development and investment. HKCG, being a public utility company, provides a very substantial income to the Group. As a subsidiary of the Company, Miramar Hotel and Investment Company, Limited ("Miramar"), is engaged in property investment, hotel operation and food and beverage operations.

Strategic Direction

The Group is dedicated to maximising value for shareholders over the long term by executing the following strategies:

Building for a sustainable future with low land costs

The Group actively participates in public tenders. In addition, the Group also replenishes its land bank by acquiring old tenement buildings for redevelopment and applying for land-use conversion for its portfolio of New Territories land. Such dual approach to land banking has proven to be a reliable source of land supply with a reasonable acquisition cost, which is beneficial to the Group's development returns in the long term.

As a sustainable property developer, the Group is highly proactive in its commitment to environmental stewardship during the process of its development activities, and carefully anticipates the needs and concerns of society.

Locating prime sites for property investment with a stable income stream

The Group's property investment portfolio is well diversified with commercial properties situated in prime locations, generating a recurring and steady income stream. Furthermore, the department store business operated by the Group's listed subsidiary – Henderson Investment Limited ("HIL"), mainly at the Group's properties, serve to maximise the value and occupancy rate of the Group's investment properties.

Expanding the mainland China market

Property development and property investment in mainland China provide the Group with a focus for long-term growth. The Group will continue to look for development projects in the first-tier cities, as well as those second-tier cities with high growth potential, so as to expand its land bank. Co-operation with local property developers will be enhanced so as to push forward the property development business. In addition, in the central locations of major cities, the Group will actively seek to acquire prime sites for commercial/office developments for long-term investment holding. The Group will concentrate on the development of Grade-A office buildings with retail malls comprising a smaller percentage of the overall rental portfolio.

Strategic investment for constant return

The listed subsidiaries and associates, namely, HKCG, Miramar, HKF and HIL, provide another steady recurrent income stream to the Group. The distinctive business nature of HKCG, in particular, is a supplement to the Group's core businesses of property development and property investment and allows Henderson Land to smooth out the cyclicality of the Group's property development business.

Conservative financial strategy

The Group employs a conservative funding and treasury strategy. It consistently keeps a low to moderate financial gearing ratio with abundant unutilised committed banking facilities in place that are of medium term in tenor. The Group maintains an excellent ongoing relationship with the major commercial banks while endeavouring to diversify its funding sources through debt issuance in different financial markets.

Financial Review

Results of operations

The following discussions should be read in conjunction with the Company's audited consolidated financial statements for the year ended 31 December 2021.

Revenue and profit

	Revenue			Profit contribution from operations		
	Year ended 31 December		*Increase/*	Year ended 31 December		*Increase/*
	2021	2020	*(Decrease)*	**2021**	2020	*(Decrease)*
	HK$ million	HK$ million	*%*	**HK$ million**	HK$ million	*%*
Reportable segments						
– Property development	**12,630**	16,009	*-21%*	**4,679**	8,648	*-46%*
– Property leasing	**6,505**	5,777	*+13%*	**4,507**	4,139	*+9%*
– Department stores and supermarket-cum-stores operations	**1,791**	1,837	*-3%*	**200**	241	*-17%*
– Other businesses	**2,601**	1,397	*+86%*	**995**	492	*+102%*
	23,527	25,020	*-6%*	**10,381**	13,520	*-23%*

	Year ended 31 December		*Increase/*
	2021	2020	*(Decrease)*
	HK$ million	HK$ million	*%*
Profit attributable to equity shareholders of the Company			
– including the Group's attributable share of changes in fair value of investment properties and investment properties under development (net of deferred taxation) held by the Group's subsidiaries, associates and joint ventures	**13,195**	10,192	*+29%*
– excluding the Group's attributable share of changes in fair value of investment properties and investment properties under development (net of deferred taxation) held by the Group's subsidiaries, associates and joint ventures ("Underlying Profit") *(Note)*	**13,624**	14,899	*-9%*

Note: Underlying profit attributable to equity shareholders of the Company ("Underlying Profit") excludes the Group's attributable share of fair value change (net of deferred tax) of the investment properties and investment properties under development held by subsidiaries, associates and joint ventures. In order to fully exclude the aforesaid effects of changes in fair value from the Underlying Profit, the Group's attributable share of the cumulative fair value gain (net of tax) of investment properties disposed of during the year (which has been included in calculating the net gain on disposal of investment properties and hence the profit attributable to equity shareholders of the Company during the year) of HK$310 million (2020: HK$139 million) was added back in arriving at the Underlying Profit.

Below is the comparison of the Underlying Profits for the years ended 31 December 2021 and 31 December 2020 by excluding certain fair value adjustments for both years, the gain on re-measurement of the Group's previously held interest in a former associate upon obtaining of control in 2021, the gain on transfer of interest in a company holding an en-bloc property in 2020 and the one-off subsidy received by the Group in 2020:

	Year ended 31 December			
	2021	2020	*Increase/(Decrease)*	
	HK$ million	HK$ million	*HK$ million*	*%*
Underlying Profit	**13,624**	14,899	*(1,275)*	*-9%*
Add/(Less):				
(i) Net fair value (gain)/loss on derivative financial instruments relating to certain interest rate swap contracts, cross currency swap contracts, cross currency interest rate swap contracts and foreign exchange forward contracts (net of tax) for which no hedge accounting was applied during the year	**(216)**	423	*(639)*	
(ii) Net fair value (gain)/loss on the Group's investment measured as financial asset at fair value through profit or loss, namely, in the listed units of Sunlight Real Estate Investment Trust ("Sunlight REIT")	**(173)**	366	*(539)*	
(iii) Gain on re-measurement of the Group's previously held interest in Miramar Hotel and Investment Company, Limited ("Miramar") upon obtaining of control (as referred to in the paragraph headed "Increase in the Group's interest in Miramar" below) in 2021	**(1,889)**	–	*(1,889)*	
(iv) Gain attributable to the Underlying Profit from the Group's transfer of its entire interest in the company holding an en-bloc property which comprised certain land lots in Wo Shang Wai, the New Territories, Hong Kong in 2020	**–**	(3,629)	*3,629*	
(v) One-off subsidy received by the Group from HKSAR Government's COVID-19 Anti-epidemic Fund under the Employment Support Scheme in 2020	**–**	(264)	*264*	
	11,346	11,795	*(449)*	*-4%*

Discussions on the major reportable segments are set out below.

Property development

Gross revenue – subsidiaries

The gross revenue from property sales during the years ended 31 December 2021 and 31 December 2020 generated by the Group's subsidiaries, and by geographical contribution, are as follows:

	Year ended 31 December			
	2021	2020	*Decrease*	
	HK$ million	HK$ million	*HK$ million*	*%*
By geographical contribution:				
Hong Kong	**10,805**	14,147	*(3,342)*	*-24%*
Mainland China	**1,825**	1,862	*(37)*	*-2%*
	12,630	16,009	*(3,379)*	*-21%*

The gross revenue from property sales in Hong Kong during the year ended 31 December 2021 was contributed as to (i) HK$8,227 million from the aggregate sales revenue of "Arbour", "The Addition", "The Vantage", "Two • Artlane" and "The Richmond", being residential projects which were completed during the year ended 31 December 2021 and the sold units of which were also delivered to the buyers before the end of 2021; and (ii) HK$2,578 million from the sales revenue of other projects which were completed prior to 1 January 2021. The residential projects "The Henley" and "Aquila • Square Mile" were also completed in November 2021 and December 2021 respectively but the sold units of which are scheduled to be delivered to the buyers after 31 December 2021, and therefore no revenue and profit contributions have been recognised from these two projects for the year ended 31 December 2021.

The gross revenue from property sales in mainland China during the year ended 31 December 2021 was contributed as to (i) HK$491 million from "Emerald Valley" in Nanjing and HK$1,259 million from "Grand Lakeview" in Yixing, both being residential projects of which certain phases were completed during the year ended 31 December 2021 and the sold units of which were also delivered to the buyers before the end of 2021; and (ii) HK$75 million in relation to the other projects which were completed prior to 1 January 2021.

Pre-tax profits – subsidiaries, associates and joint ventures

The Group's attributable share of pre-tax profits from property sales, by geographical contribution and from subsidiaries (after deducting non-controlling interests), associates and joint ventures during the years ended 31 December 2021 and 31 December 2020, are as follows:

	Year ended 31 December			
	2021	2020	*Decrease*	
	HK$ million	HK$ million	*HK$ million*	*%*
By geographical contribution:				
Hong Kong	**4,193**	7,730	*(3,537)*	*-46%*
Mainland China	**1,603**	1,919	*(316)*	*-16%*
	5,796	9,649	*(3,853)*	*-40%*

The decrease in the Group's attributable share of pre-tax profits from property sales in Hong Kong during the year ended 31 December 2021 of HK$3,537 million (or 46%) is mainly due to the pre-tax underlying profit contribution of HK$3,629 million recognised in the corresponding year ended 31 December 2020 as explained in the excluded profit item (iv) in the paragraph headed "Revenue and profit" above.

The decrease in the Group's attributable share of pre-tax profits from property sales in mainland China during the year ended 31 December 2021 of HK$316 million (or 16%) is mainly due to the decrease in the Group's attributable share of pre-tax profit contributions in the aggregate amount of HK$453 million from "Emerald Valley" in Nanjing (being a project held by a subsidiary of the Group), "The Landscape" in Changsha and "Xukou Project" in Suzhou (both being projects held by the Group's joint ventures), which is partially offset by the increase in the Group's attributable share of pre-tax profit contribution in the amount of HK$154 million from "La Botanica" in Xian (being a project held by a joint venture of the Group).

	Year ended 31 December 2021 HK$ million	2020 HK$ million	*Increase/(Decrease) HK$ million*	*%*
By contribution from subsidiaries (after deducting non-controlling interests), associates and joint ventures:				
Subsidiaries	**4,630**	8,596	*(3,966)*	*-46%*
Associates	**(96)**	(47)	*(49)*	*-104%*
Joint ventures	**1,262**	1,100	*162*	*+15%*
	5,796	9,649	*(3,853)*	*-40%*

The decrease of HK$3,966 million (or 46%) in the Group's attributable share of pre-tax profits from property sales of the Group's subsidiaries during the year ended 31 December 2021 is mainly due to the pre-tax underlying profit contribution of HK$3,629 million recognised in the corresponding year ended 31 December 2020 as explained in the excluded profit item (iv) in the paragraph headed "Revenue and profit" above.

The increase of HK$162 million (or 15%) in the Group's attributable share of pre-tax profits from property sales of the Group's joint ventures during the year ended 31 December 2021 is mainly due to the Group's attributable share of pre-tax profit contribution of HK$331 million from "Timber House", a joint venture project in Hong Kong and in which the Group has 49% equity interest (2020: Nil), which is partially offset by the decrease of the Group's attributable share of pre-tax profit contribution of HK$176 million from "The Landscape", a joint venture project in Changsha, mainland China and in which the Group has 50% equity interest.

Property leasing

Gross revenue – subsidiaries

The gross revenue from property leasing during the years ended 31 December 2021 and 31 December 2020 generated by the Group's subsidiaries, and by geographical contribution, are as follows:

	Year ended 31 December 2021 HK$ million	2020 HK$ million	*Increase HK$ million*	*%*
By geographical contribution:				
Hong Kong	**4,462**	3,985	*477*	*+12%*
Mainland China	**2,043**	1,792	*251*	*+14%*
	6,505	5,777	*728*	*+13%*

Pre-tax net rental income – subsidiaries, associates and joint ventures

The Group's attributable share of pre-tax net rental income, by geographical contribution and from subsidiaries (after deducting non-controlling interests), associates and joint ventures during the years ended 31 December 2021 and 31 December 2020, are as follows:

	Year ended 31 December		Increase/(Decrease)	
	2021	2020		
	HK$ million	HK$ million	*HK$ million*	*%*
By geographical contribution:				
Hong Kong	**4,556**	5,000	*(444)*	*-9%*
Mainland China	**1,626**	1,467	*159*	*+11%*
	6,182	6,467	*(285)*	*-4%*
By contribution from subsidiaries (after deducting non-controlling interests), associates and joint ventures:				
Subsidiaries	**4,264**	4,135	*129*	*+3%*
Associates	**472**	768	*(296)*	*-39%*
Joint ventures	**1,446**	1,564	*(118)*	*-8%*
	6,182	6,467	*(285)*	*-4%*

For Hong Kong, on an overall portfolio basis, there was a year-on-year increase of HK$477 million (or 12%) in rental revenue contribution and a year-on-year decrease of HK$444 million (or 9%) in the Group's attributable share of pre-tax net rental income contribution for the year ended 31 December 2021. The increase in rental revenue contribution is mainly due to the additional contribution from Miramar's property leasing revenue of HK$514 million during the period from 14 April 2021 (commencing from which date Miramar became an indirect non-wholly-owned subsidiary of the Company, as referred to in the paragraph headed "Increase in the Group's interest in Miramar" below) to 31 December 2021 (2020: Nil), but which is partially offset by the year-on-year decrease in rental revenue contribution of HK$37 million from the Group's investment properties portfolio in Hong Kong. The decrease in the Group's attributable share of pre-tax net rental income contribution is mainly due to the increased level of rental outgoings and expenditures incurred during the year ended 31 December 2021 which included rental commission expenses, promotion expenses for "The Henderson" (being the Group's investment property which is scheduled for project completion in 2023) and management expenses for the Group's shopping malls in the light of the prevailing COVID-19 pandemic. Cumulative up to 31 December 2021, the Group had granted rent concessions in the aggregate attributable amount of HK$522 million (cumulative up to 31 December 2020: HK$458 million), in relation to which the Group's attributable share of the rent concessions amortised for the year ended 31 December 2021 amounted in aggregate to HK$186 million (2020: HK$259 million).

For mainland China, on an overall portfolio basis, there was a year-on-year increase of HK$251 million (or 14%) in rental revenue contribution and a year-on-year increase of HK$159 million (or 11%) in the Group's attributable share of pre-tax net rental income contribution for the year ended 31 December 2021. Based on the average exchange rates between Renminbi ("RMB") and Hong Kong dollars ("HKD") for the two financial years ended 31 December 2021 and 31 December 2020, there was a year-on-year appreciation of RMB against HKD by approximately 7% during the year ended 31 December 2021, and excluding the effect of foreign currency translation, there was in RMB terms (i) a year-on-year increase in rental revenue by 6% which was mainly attributable to the contribution from the twin office towers of "Lumina Guangzhou" in Guangzhou (which were completed in June 2020); and (ii) a year-on-year increase in the Group's attributable share of pre-tax net rental income of 3% which was also mainly attributable to the same aforementioned reason underlying the increase in rental revenue contribution for the year.

Department stores and supermarket-cum-stores operations

Department stores and supermarket-cum-stores operations are carried out by Citistore (Hong Kong) Limited ("Citistore") and Unicorn Stores (HK) Limited ("Unicorn") respectively, both being wholly-owned subsidiaries of Henderson Investment Limited ("HIL"), a listed subsidiary of the Company. For the year ended 31 December 2021, revenue contribution amounted to HK$1,791 million (2020: HK$1,837 million) which represents a year-on-year decrease of HK$46 million, or 3%, from that for the corresponding year ended 31 December 2020. The decrease in revenue during the year ended 31 December 2021 is mainly attributable to the decrease in customers' demand for food and daily necessities at the supermarkets operating under Unicorn during the year because of the easing of social distancing measures under the COVID-19 pandemic when compared with the corresponding year ended 31 December 2020.

Profit contribution (after the elimination of rental expenditure in respect of the stores which were payable to the Group by Citistore and Unicorn) for the year ended 31 December 2021 decreased by HK$41 million, or 17%, to HK$200 million (2020: HK$241 million). The decrease in profit contribution is mainly attributable to the fact that for the corresponding year ended 31 December 2020, HIL had received the aggregate subsidy of HK$55 million from HKSAR Government's COVID-19 Anti-epidemic Fund under the Employment Support Scheme and other COVID-19 related subsidy income for Citistore and Unicorn as well as the rent concessions granted to Citistore by the landlords of the store outlets in the amount of HK$19 million (after tax), but the aforementioned one-off income did not recur for the year ended 31 December 2021.

Other businesses

Other businesses mainly comprise hotel operation and management, construction, provision of finance, investment holding, project management, property management, agency services, cleaning and security guard services, food and beverage operation, travel operation, as well as trading of building materials and disposal of leasehold land.

Revenue and pre-tax profit contributions from other businesses for the year ended 31 December 2021 amounted to HK$2,601 million and HK$995 million respectively, representing:

(a) an increase of HK$1,204 million (or 86%) over the revenue contribution of HK$1,397 million for the corresponding year ended 31 December 2020, which is mainly attributable to the following:

  (i) the increase in interest income of HK$212 million during the year, mainly generated from the Group's advances of interest-bearing shareholder's loans to certain joint ventures;

  (ii) the increase in revenue contribution of HK$470 million during the year, mainly generated from the Group's undertaking of the construction works of three joint venture projects at The Kai Tak Development Area, Hong Kong;

  (iii) the revenue contribution of HK$340 million from Miramar's hotel, travel and food and beverage operations during the period from 14 April 2021 to 31 December 2021 (2020: Nil); and

(iv) the increase in revenue contribution of HK$163 million from the Group's property management business operation in Shanghai and Beijing, mainland China, which commenced in 2020;

and

(b) an increase of HK$503 million (or 102%) over the pre-tax profit contribution of HK$492 million for the corresponding year ended 31 December 2020, which is mainly due to the fact that for the year ended 31 December 2021, a fair value gain of HK$173 million was recognised in relation to the Group's investment in the listed units of Sunlight REIT (being classified as the Group's investment measured as financial asset at fair value through profit or loss) when compared with a fair value loss of HK$366 million for the corresponding year ended 31 December 2020, and which therefore generated a resultant year-on-year gain of HK$539 million to the Group for the year ended 31 December 2021.

Associates

The Group's attributable share of post-tax profits less losses of associates during the year ended 31 December 2021 amounted to HK$2,193 million (2020: HK$2,524 million), representing a decrease of HK$331 million, or 13%, from that for the corresponding year ended 31 December 2020. Excluding the Group's attributable share of changes in fair value of investment properties held by the associates (net of deferred taxation) during the year, the Group's attributable share of the underlying post-tax profits less losses of associates for the year ended 31 December 2021 amounted to HK$2,209 million (2020: HK$2,969 million), representing a decrease of HK$760 million, or 26%, from that for the corresponding year ended 31 December 2020. Such year-on-year decrease in the underlying post-tax profits during the year ended 31 December 2021 was mainly due to:

(i) the decrease of HK$620 million in the Group's attributable share of post-tax underlying profit contribution from The Hong Kong and China Gas Company Limited ("HKCG", a listed associate of the Group), mainly because of the increase in the Group's attributable share of HKCG's provision on assets in the amount of HK$490 million during the year; and

(ii) the decrease of HK$247 million in the Group's attributable share of post-tax underlying profit contribution from Miramar during the period from 1 January 2021 to 13 April 2021 (both dates inclusive) when it was a listed associate of the Group (as referred to in the paragraph headed "Increase in the Group's interest in Miramar" below), relative to the full year's profit contribution from Miramar as a listed associate of the Group for the corresponding year ended 31 December 2020,

and which aggregate effect is partially offset by the increase of HK$148 million in the Group's attributable share of post-tax underlying profit contribution from property development of the Group's associates in mainland China.

Joint ventures

The Group's attributable share of post-tax profits less losses of joint ventures during the year ended 31 December 2021 amounted to HK$1,627 million (2020: HK$636 million), representing an increase of HK$991 million, or 156%, over that for the corresponding year ended 31 December 2020. Excluding the Group's attributable share of changes in fair value of investment properties held by the joint ventures (net of deferred taxation) during the year, the Group's attributable share of the underlying post-tax profits less losses of joint ventures for the year ended 31 December 2021 amounted to HK$1,756 million (2020: HK$1,795 million), representing a decrease of HK$39 million, or 2%, from that for the corresponding year ended 31 December 2020.

Finance costs

Finance costs (comprising interest expense and other borrowing costs) before interest capitalisation for the year ended 31 December 2021 amounted to HK$2,093 million (2020: HK$2,180 million). Finance costs after interest capitalisation for the year ended 31 December 2021 amounted to HK$600 million (2020: HK$558 million), and after set-off against the Group's bank interest income of HK$109 million for the year ended 31 December 2021 (2020: HK$354 million), the Group recognised net finance costs in the Group's consolidated statement of profit or loss for the year ended 31 December 2021 in the amount of HK$491 million (2020: HK$204 million).

Overall, as referred to in the paragraph headed "Maturity profile and interest cover" below, the Group's total debt amounted to HK$102,915 million at 31 December 2021 (2020: HK$89,556 million) which comprised (i) the Group's bank and other borrowings in Hong Kong in the aggregate amount of HK$99,739 million at 31 December 2021 (2020: HK$87,419 million); and (ii) amounts due from the Group to related companies of HK$3,176 million at 31 December 2021 (2020: HK$2,137 million).

During the year ended 31 December 2021, the Group's overall effective borrowing rate in relation to the Group's bank and other borrowings in Hong Kong was approximately 1.67% per annum (2020: approximately 2.10% per annum, other than certain bank loans denominated in RMB raised in Hong Kong in the second half of 2019 which was fully repaid at 31 December 2020 and carried an effective borrowing rate of 3.07% per annum).

Furthermore, as referred to in the paragraph headed "Maturity profile and interest cover" below, in relation to the amount due from the Group to a fellow subsidiary, the Group's effective borrowing rate during the year ended 31 December 2021 was approximately 0.85% per annum (2020: approximately 1.60% per annum).

Revaluation of investment properties and investment properties under development

The Group recognised an increase in fair value on its investment properties and investment properties under development (before deferred taxation and non-controlling interests) of HK$59 million in the consolidated statement of profit or loss for the year ended 31 December 2021 (2020: a decrease in fair value of HK$2,413 million).

Financial resources and liquidity

Medium Term Note Programme

At 31 December 2021, the aggregate carrying amount of notes guaranteed by the Company and issued under the Group's Medium Term Note Programme established on 30 August 2011 ("MTN Programme") and under which the Company had on 15 October 2018 increased the maximum aggregate principal amount of notes outstanding at any one time from US$3,000 million to US$5,000 million, was HK$25,225 million (2020: HK$18,598 million) with tenures of between nineteen months and twenty years (2020: between nineteen months and twenty years).

During the year ended 31 December 2021, the Group issued guaranteed notes under the MTN Programme denominated in RMB, United States dollars ("USD") and HKD in the aggregate equivalent amount of HK$9,589 million (2020: HK$8,487 million) with tenures of between two years and six years. Such guaranteed notes issued by the Group serves to finance the Group's capital expenditure requirements as referred to in the paragraph headed "Capital commitments" below. These notes are included in the Group's bank and other borrowings at 31 December 2021 and 31 December 2020 as referred to in the paragraph headed "Maturity profile and interest cover" below. The Group has repaid certain guaranteed notes in the aggregate principal amount of HK$3,074 million under the MTN Programme during the year ended 31 December 2021 (2020: HK$1,484 million).

Maturity profile and interest cover

The maturity profile of the total debt, the cash and bank balances, the net debt and the gearing ratio of the Group were as follows:

	At 31 December 2021 HK$ million	At 31 December 2020 HK$ million
Bank and other borrowings repayable:		
– Within 1 year	**31,784**	29,332
– After 1 year but within 2 years	**21,240**	15,834
– After 2 years but within 5 years	**20,736**	20,716
– After 5 years	**25,979**	21,537
Amounts due to related companies	**3,176**	2,137
Total debt	**102,915**	89,556
Less: Cash and bank balances	**(10,947)**	(5,807)
Net debt	**91,968**	83,749
Shareholders' funds	**335,020**	327,607
Gearing ratio (%)	**27.5%**	25.6%

At 31 December 2021, the Group's total debt comprised (i) bank and other borrowings in Hong Kong, being bank loans of HK$74,358 million (2020: HK$68,666 million) and guaranteed notes of HK$25,381 million (2020: HK$18,753 million); and (ii) amounts due to related companies of HK$3,176 million (2020: HK$2,137 million), which in aggregate amounted to HK$102,915 million (2020: HK$89,556 million). The bank and other borrowings in Hong Kong were unsecured and have a weighted average debt maturity profile of approximately 3.24 years (2020: approximately 3.40 years). The amounts due to related companies were unsecured and have a weighted average debt maturity profile of approximately three years (2020: approximately three years).

In addition, at 31 December 2021, there was an amount due from the Group to a fellow subsidiary of HK$53,710 million (2020: HK$4,389 million) which was unsecured, interest-bearing and had no fixed repayment terms. The significant increase of HK$49,321 million in the amount due from the Group to a fellow subsidiary, which is a wholly-owned subsidiary of the ultimate controlling party of the Group, was to replace bank loans which arose from the Group's land acquisitions during the year.

At 31 December 2021, after taking into account the effect of swap contracts, 50% (2020: 52%) of the Group's total debt carried fixed interest rates.

Gearing ratio is calculated based on the net debt and shareholders' funds of the Group at the end of the reporting period.

The interest cover of the Group is calculated as follows:

	Year ended 31 December	
	2021 **HK$ million**	2020 HK$ million
Profit from operations (including bank interest income and the cumulative fair value change (net of tax) of investment properties disposed of during the year, but before changes in fair value of investment properties and investment properties under development for the year) plus the Group's share of the underlying profits less losses of associates and joint ventures	**16,374**	17,428
Interest expense (before interest capitalisation)	**1,968**	2,067
Interest cover (times)	**8**	8

With abundant banking facilities in place and the recurrent income generated from its operations, the Group has adequate financial resources in meeting the funding requirements for its ongoing operations as well as its future expansion.

Treasury and financial management

The Group is exposed to interest rate and foreign exchange risks. To efficiently and effectively manage these risks, the Group's financing and treasury activities are centrally co-ordinated at the corporate level. As a matter of policy, all transactions in derivative financial instruments are undertaken solely for risk management purposes and no derivative financial instruments were held by the Group at the end of the reporting period for speculative purposes.

The Group conducts its business primarily in Hong Kong with the related cash flows, assets and liabilities being denominated mainly in Hong Kong dollars. The Group's primary foreign exchange exposure arises from its property developments and investments in mainland China which are denominated in RMB, the guaranteed notes ("Notes") which are denominated in USD, RMB and Japanese Yen ("¥") at 31 December 2021 and the bank borrowings which are denominated in ¥, RMB and Australian dollars ("AUD") at 31 December 2021.

In respect of the Group's operations in mainland China, apart from its capital contributions and, in some cases, loan contributions to projects which are denominated in RMB and are not hedged, the Group endeavours to establish a natural hedge by maintaining an appropriate level of external borrowings in RMB. In respect of the Notes and bank borrowings in the aggregate principal amount of HK$32,743 million at 31 December 2021 (2020: HK$36,955 million), hedging arrangements had been made by the Group, comprising (i) cross currency interest rate swap contracts which were entered into between the Group and certain counterparty banks for the purpose of hedging against interest rate risk and foreign currency risk during their tenure; (ii) cross currency swap contracts which were entered into between the Group and certain counterparty banks for the purpose of hedging against foreign currency risk during their tenure; and (iii) interest rate swap contracts which were entered into between the Group and certain counterparty banks for the purpose of hedging against interest rate risk during their tenure.

Based on the abovementioned swap contracts which were executed by the Group in relation to the Notes and bank borrowings, the aggregate amount of the Notes and bank borrowings recognised in the financial statements and which are hedged against the interest rate risk only, the foreign currency risk only and both the interest rate risk and foreign currency risk, was HK$32,666 million at 31 December 2021 (2020: HK$36,854 million) which represented 32% of the Group's total debt at 31 December 2021 (2020: 41%).

Material acquisitions and disposals

Material acquisitions

Hong Kong

On 9 September 2021, a wholly-owned subsidiary of the Group was awarded from the Urban Renewal Authority ("URA") the redevelopment project of a land site at Bailey Street/Wing Kwong Street, To Kwa Wan, Kowloon, Hong Kong, by way of a public tender at a land premium of HK$8,189 million and which amount was fully settled by the Group to URA on 11 October 2021.

On 3 November 2021, a wholly-owned subsidiary of the Group received a letter from the Lands Department of the HKSAR Government, confirming its acceptance of such subsidiary's tender for a piece of land located at Man Yiu Street, New Central Harbourfront, Hong Kong (registered in the Land Registry as Inland Lot No. 9088) at the land premium of HK$50,800 million. It is expected to create one of Hong Kong's most iconic landmarks as well as a social destination dedicated to public enjoyment along the harbourfront promenade.

Mainland China

During the year ended 31 December 2021, the Group entered into co-operative agreements and arrangement with CIFI Holdings (Group) Co. Limited ("CIFI") and certain property developers and enterprises in mainland China in respect of a total of 12 property development projects in mainland China, covering the cities of Changsha, Chengdu, Chongqing, Dongguan, Foshan, Guangzhou, Shijiazhuang, Suzhou, Tianjin and Wuhan. The Group's aggregate attributable share of land costs in these projects amounted to RMB9,015 million (equivalent to HK$10,852 million).

Save as aforementioned, the Group did not undertake any other significant acquisitions of subsidiaries or assets during the year ended 31 December 2021.

Material disposals

The Group did not undertake any significant disposals of assets or subsidiaries during the year ended 31 December 2021.

Increase in the Group's interest in Miramar

On 14 April 2021, the Company announced that upon completion of the settlement process of the Group's acquisition of 103,000 shares in the issued share capital of Miramar ("Miramar Shares") on the open market on 14 April 2021 for an aggregate consideration of HK$1,574,040 (exclusive of transaction costs) (the "Acquisition"), the Company indirectly held 345,494,980 Miramar Shares in aggregate which represented approximately 50.002% of the total number of issued Miramar Shares. Prior to the Acquisition, the Company indirectly held approximately 49.987% of the total number of issued Miramar Shares.

As a result of the Acquisition and during the year ended 31 December 2021, (i) Miramar was an associate of the Group for the period from 1 January 2021 to 13 April 2021 (both dates inclusive), and the financial results of Miramar for such period were accounted for in the Group's consolidated financial statements for the same period under the equity method of accounting; and (ii) Miramar became an indirect non-wholly-owned subsidiary of the Company commencing from 14 April 2021, and the financial results of Miramar for the period from 14 April 2021 to 31 December 2021 (both dates inclusive) were consolidated into the Group's consolidated financial statements for the year ended 31 December 2021.

The Company's interest in the Miramar Shares is for long-term investment purpose. The Group has adopted the purchase price allocation method of acquisition accounting under HKFRS 3 (Revised), *Business combinations* under which the assets acquired and the liabilities assumed in relation to Miramar have been fair valued as at the date of the Acquisition upon consolidation by the Group. Therefore, for the year ended 31 December 2021, the Group recognised as "other income" a gain on re-measurement of previously held interest in Miramar upon obtaining of control in the aggregate amount of HK$1,889 million, which comprises (i) a gain of HK$1,887 million on the re-measurement of the Group's 49.987% equity interest in Miramar prior to the Acquisition; and (ii) a gain on bargain purchase of HK$2 million upon completion of the settlement process of the Acquisition.

During the period from 15 April 2021 to 31 December 2021, the Group further acquired an aggregate of 505,000 Miramar Shares on the open market. At 31 December 2021, the Group indirectly held 345,999,980 Miramar Shares in aggregate which represents approximately 50.075% of the total number of issued Miramar Shares.

During the corresponding year ended 31 December 2020, Miramar was an associate of the Group and the financial results of Miramar for that year were accounted for in the Group's consolidated financial statements for the same year under the equity method of accounting.

Charge on assets

The assets of the Group's subsidiaries were not charged to any other parties at 31 December 2021 and 31 December 2020.

Capital commitments

At 31 December 2021, capital commitments of the Group amounted to HK$28,133 million (2020: HK$30,672 million). In addition, the Group's attributable share of capital commitments undertaken by joint ventures and certain associates at 31 December 2021 amounted to HK$12,965 million (2020: HK$7,034 million).

The Group plans to finance its capital expenditure requirements for the year ending 31 December 2022 by way of the Group's own internally generated cash flow, bank deposits, banking facilities and funds raised and to be raised from the capital market.

Contingent liabilities

At 31 December 2021, the Group's contingent liabilities amounted to HK$11,187 million (2020: HK$10,442 million), which mainly include:

(i) an amount of HK$1,164 million (2020: HK$399 million) relating to performance bonds, guarantees and undertakings for the due and proper performance of the obligations of the Group's subsidiaries and projects, the increase of which is mainly attributable to the Group's guarantees to a bank in relation to the finance undertakings by such bank in favour of the HKSAR Government for the completion of the Group's two residential development projects at The Kai Tak Development Area and Un Chau Street, Kowloon, Hong Kong under the terms and conditions of the relevant land grants;

(ii) an amount of HK$1,558 million (2020: HK$1,578 million) relating to guarantees given by the Group to financial institutions on behalf of purchasers of property units of the Group's development projects in mainland China in relation to which the related Building Ownership Certificate (房產證) had not yet been issued at 31 December 2021 (and such guarantees will be released upon the issuance of the Building Ownership Certificate); and

(iii) amounts of HK$1,670 million (2020: HK$1,670 million), HK$2,100 million (2020: HK$2,100 million), HK$1,314 million (2020: HK$1,314 million) and HK$2,940 million (2020: HK$2,940 million) relating to the Group's attributable and proportional shares (in accordance with the Group's attributable interests in four joint ventures engaged in the development of residential properties at The Kai Tak Development Area, and in which the Group has 29.3% interest, 30% interest, 18% interest and 30% interest respectively) of contingent liabilities in respect of irrevocable, unconditional and several guarantees to certain lending banks in relation to the maximum amounts which may be drawn down on certain loan facilities which were entered into on 8 July 2019, 4 December 2019, 1 June 2020 and 30 October 2020 respectively between such lending banks and the four joint ventures.

Employees and remuneration policy

At 31 December 2021, the Group had 10,059 (2020: 9,065) full-time employees. The increase in the Group's full-time headcount of 994 employees during the year ended 31 December 2021 is mainly attributable to the full-time headcount contribution of 1,138 employees from Miramar since it became an indirect non-wholly-owned subsidiary of the Company commencing from 14 April 2021.

The remuneration of the employees is in line with the market and commensurate with the level of pay in the industry. Discretionary year-end bonuses are payable to the employees based on individual performance. Other benefits to the employees include medical insurance, retirement scheme, training programmes and education subsidies.

Total staff costs for the year ended 31 December 2021 amounted to HK$3,003 million (2020: HK$2,645 million), representing a year-on-year increase of HK$358 million, or 14%, which is mainly due to the inclusion of Miramar's staff costs in the amount of HK$262 million during the period from 14 April 2021 to 31 December 2021 (2020: Nil). Excluding this factor and on a like-for-like basis, the Group's total staff costs for the year ended 31 December 2021 amounted to HK$2,741 million (2020: HK$2,645 million) which comprised (i) staff costs included under directors' remuneration of HK$179 million (2020: HK$173 million); and (ii) staff costs (other than directors' remuneration) of HK$2,562 million (2020: HK$2,472 million) which had increased by 4% year-on-year.

During the corresponding year ended 31 December 2020, the Group received the one-off subsidy in the aggregate amount of HK$264 million from HKSAR Government's COVID-19 Anti-epidemic Fund under the Employment Support Scheme, and which was recognised by the Group as "other income" for that year. Such subsidy income did not recur to the Group for the year ended 31 December 2021.

Five Year Financial Summary

		Year ended 31 December				
		2017 (restated)	2018	2019	2020	2021
	Note	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Profit for the year	*1*	30,809^	31,157	16,994	10,192	**13,195**
Underlying Profit for the year	*1&2*	19,516^	19,765	14,640	14,899	**13,624**
		HK$	HK$	HK$	HK$	HK$
Earnings per share	*1*	6.36^	6.44	3.51	2.11	**2.73**
Underlying earnings per share	*1&2*	4.03^	4.08	3.02	3.08	**2.81**
Dividends per share	*1*	1.71	1.80	1.80	1.80	**1.80**

		At 31 December				
		2017 (restated)	2018 (restated)	2019 (restated)	2020 (restated)	2021
	Note	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Investment properties		173,494^	176,717	182,963	186,593	**260,241**
Other property, plant and equipment		350	370	389	400	**4,599**
Interest in associates		59,491^	62,059	63,171	64,838	**53,955**
Interest in joint ventures		44,865	53,011	65,230	70,043	**80,887**
Inventories		74,219^	97,177	100,495	101,059	**109,180**
Net debt	*3*	53,877~	69,023~	80,918~	83,749~	**91,968**
Net asset value	*1*	292,574^	313,153	320,851	327,607	**335,020**
Net debt to net asset value		18.4%~	22.0%~	25.2%~	25.6%~	**27.5%**
		HK$	HK$	HK$	HK$	HK$
Net asset value per share	*1&4*	60.44^	64.69	66.28	67.67	**69.20**

^ *Restated as a result of the adoption of Hong Kong Financial Reporting Standard 15 "Revenue from contracts with customers" during the year ended 31 December 2018.*

~ *Restated as a result of the change in the presentation basis of Net debt as referred to in note 3 below.*

Notes:

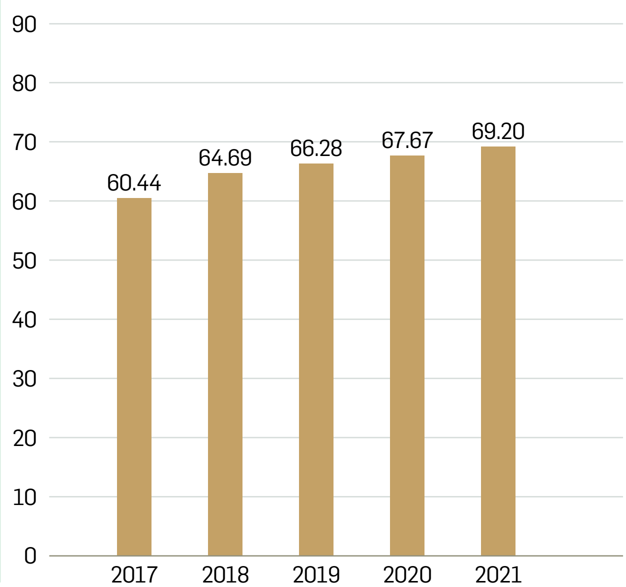
1 *The profits, earnings, dividends and net asset values shown or referred to above were all attributable to equity shareholders of the Company.*

2 *"Underlying Profit" and "Underlying earnings per share" exclude the Group's attributable share of fair value change (net of deferred tax) of the investment properties and investment properties under development held by subsidiaries, associates and joint ventures. In order to fully exclude the aforesaid effects of changes in fair value from the Underlying Profit, the Group's attributable share of the cumulative fair value gain (net of tax) of investment properties disposed of during the year (which has been included in calculating the net gain on disposal of investment properties and hence the profit attributable to equity shareholders of the Company during the year) was added back in arriving at the Underlying Profit.*

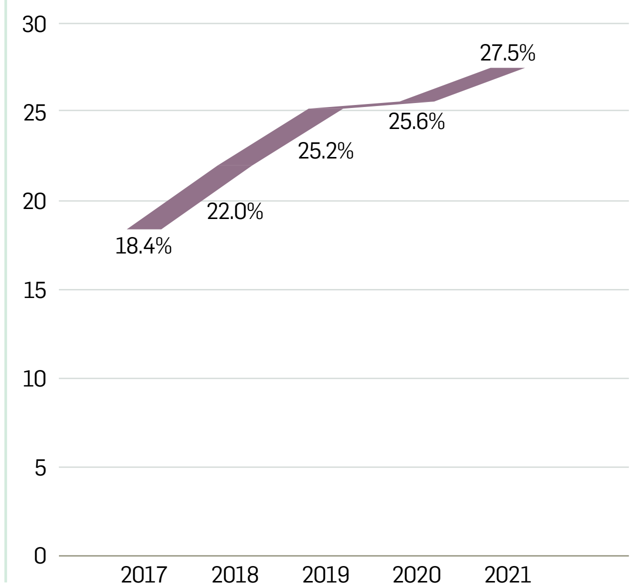
3 *Net debt represents the total of bank loans, guaranteed notes and the amounts due to related companies minus cash and bank balances.*

4 *The net asset value per share at 31 December 2017 was calculated based on the number of issued shares outstanding at 31 December 2017 and as adjusted for the bonus issues effected in 2018 and 2019. The net asset value per share at 31 December 2018 was calculated based on the number of issued shares outstanding at 31 December 2018 and as adjusted for the bonus issue effected in 2019.*

Net asset value per share (HK$)

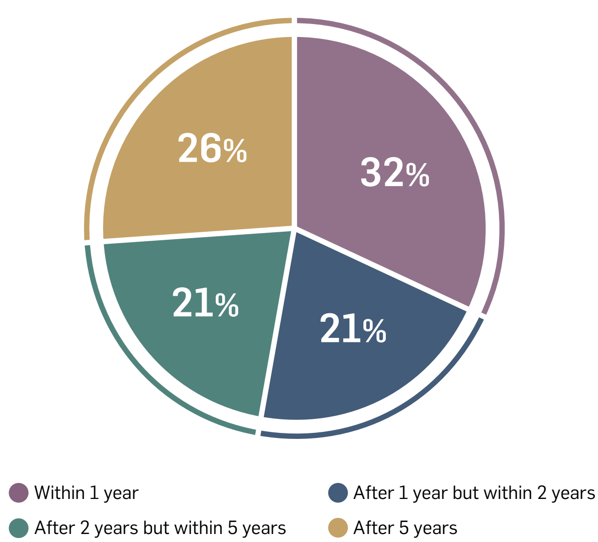


Net debt to net asset value (%)



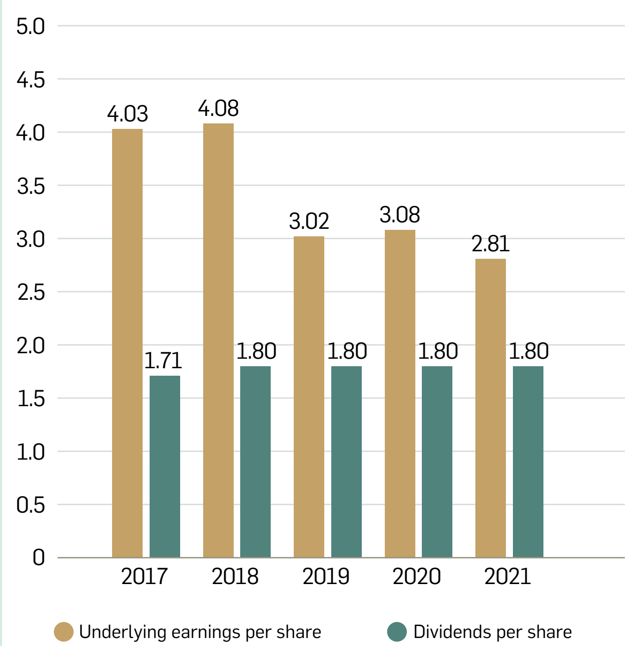
Maturity profile of the Group's bank and other borrowings repayable[note 1]

at 31 December 2021



Note 1: Excluding the amounts due to related companies.

Underlying earnings / dividends per share (HK$)



Sustainability

Sustainability

About This Section

This section is an overview of the Sustainability Report 2021 ("the Report") of Henderson Land Development Company Limited ("Henderson Land" or together with its subsidiaries, "the Group") which covers the year ended 31 December 2021. Our sustainability reports are published online on an annual basis.

Reporting boundary

The Report[1] provides descriptions and key statistics of the Group's sustainability performance and progress during the year focusing on our headquarters at Two International Finance Centre and AIA Tower, and our wholly-owned subsidiaries, namely E Man Construction Company Limited[2] ("E Man"), Goodwill Management Limited[3] ("Goodwill"), Well Born Real Estate Management Limited ("Well Born") and Hang Yick Properties Management Limited ("Hang Yick")[4]; as well as Shanghai Starplus Property Management Company Limited[5] ("Starplus") and selected properties of the Group in mainland China which are included starting from this year.

The selected in-scope entities are those whose activities the Group has the most impact and operational control over. We have commenced data collection work to encompass additional parties, with the aim of extending the data coverage of the Report in the near future.

We conducted a stakeholder engagement exercise to identify the material topics included in the Report. For details of our stakeholder engagement exercise, see section "Our Materiality Approach".

Reporting standards

The Report has been prepared in accordance with the Global Reporting Initiative ("GRI") Standards: Core option and complies with the provisions of the Environmental, Social and Governance Reporting Guide issued by The Stock Exchange of Hong Kong Limited ("HKEX"). Information in the Report has been verified by a third-party with respect to the aforementioned standards, please refer to the section "Independent Limited Assurance Report" for more information.

During the reporting period, there were no noncompliance incidents or grievances about environmental protection, employment practices, health and safety, labour standards, human rights, product responsibility and anti-corruption that would have a significant impact on the Group.

Contact information

If you would like a copy of the Report or wish to provide any comments or suggestions, please contact us at corpcomm@hld.com. The e-copy of the Report is available at www.hld.com/en/csr/sustainability.shtml.

Note 1: While the listed subsidiaries and associates do not fall into the scope of this Report, their properties managed by Goodwill Management Limited are covered in the Report.

Note 2: E Man Construction Company Limited ("E Man") is responsible for operating and managing the Group's construction sites.

Note 3: Goodwill Management Limited ("Goodwill") is responsible for managing the Group's commercial properties.

Note 4: Well Born Real Estate Management Limited ("Well Born") and Hang Yick Properties Management Limited ("Hang Yick") are responsible for managing residential and industrial/commercial properties.

Note 5: Shanghai Starplus Property Management Company Limited ("Starplus"), a wholly-owned subsidiary, specialises in offering premium management services for the Group's commercial properties in mainland China.

Our Sustainability Strategy

2030 Sustainability Vision

Our 2030 Sustainability Vision has four primary drivers: Green for Planet, Innovation for Future, Value for People and Endeavour for Community, which align with our commitments to the Sustainable Development Goals ("SDGs"). For each

GREEN FOR PLANET

Building a Green Portfolio: Reducing our impact on the environment

Focus areas

Climate Resilience
Adopt smart and climate-resilient building designs to enhance the adaptability of properties to the adverse effects of climate change

Environmental Impact
Reduce the environmental impact and carbon footprint of our business model

Highlights

- Pledged support for Government's **"Carbon Neutrality" Partnership** and proactively set targets in response to Hong Kong's Climate Action Plan 2050
- Cumulatively achieved **50** BEAM Plus, **19** BEAM, **15** LEED and **8** China Green Building Design Label
- Enable residents' green lifestyle in latest residential development projects by introducing innovations ranging from **eco-friendly solutions** and **renewables** to **recycling** and **urban farming**
- Cumulatively secured over **HK$28 billion** equivalent of green finance facilities
- **↓ 7%** in energy consumption in the common areas of 14 of our commercial properties managed by Goodwill already achieved between 2021 and baseline year 2015, and renewed the target to align with our 2030 Vision
- **↓ 70%** timber formwork as part of our timberless construction objectives

Sustainability targets

- **All new office development projects** target to achieve **BEAM Plus Gold Rating or above**
- By 2030, **↓ energy intensity by 20%** from baseline year 2019 for **Hong Kong portfolio**, and **by a cumulative ↓ 10% electricity consumption** from baseline year 2021 for **mainland China portfolio**[6], which are renewed targets as part of our 2030 Vision
- Achieve provision of **electric vehicle charging facilities** for all car parking spaces in **90% of new residential developments** and **new commercial developments** by 2030
- Conduct **life cycle assessment** during design and construction stages for **over 20 new property developments** by 2030 to reduce embodied carbon of developments
- **♻ 15%** and **30%** of demolition and construction waste for all new developments by 2025 and 2030 respectively
- Achieve estimated annual water **↓ 20%** and **↓ 30%** for all new residential and office developments respectively

Note 6: Covering majority of properties owned by the Group and/or managed by Goodwill and Starplus that are in full operation, and have a significant share of our portfolio's energy consumption.

of these drivers, we have pinpointed key areas that we intend to focus our efforts on and maximise our impact by 2030. Our progress is reviewed using targets that are specific to each focus area as they relate to our own operations.

INNOVATION FOR FUTURE

Shaping a Smarter Future: **Creating a smart built environment enabled by innovation and technology**

Focus areas

Technology Innovation
Create new ways of living and working with technology

Social Innovation
Innovate to better serve our stakeholders and enhance living quality

Highlights

- Introduce latest innovative PropTechs extensively along our value chain, such as **Design for Manufacture and Assembly** ("DfMA"), **Internet of Things** ("IoT") system, **robotics**, **5G applications** and **touchless digital application**
- Patented two new features, namely a **"Lift Sterilisation Pod"** and a **"Depuration Porch"** to enhance tenants' and homeowners' quality of living
- Forge ahead with **art living initiatives** and inject **vibrancy** into **urban redevelopment** projects using inspirational local and international public art and culture
- Employ highly efficient **Modular Integrated Construction** technology in Kong Ha Wai project, which is by far Hong Kong's largest ever transitional housing project
- Received the **Global Most Innovation Knowledge Enterprise Award 2021**

Sustainability targets

- Adopt **digital and smart building features** at **100%** of our **new office and commercial developments** and **90%** of our **residential developments** by 2023
- Continue to **develop additional innovative products** for application at our new construction projects

VALUE FOR PEOPLE

3 GOOD HEALTH AND WELL-BEING

8 DECENT WORK AND ECONOMIC GROWTH

Creating a Caring Culture: **Being a caring employer who looks after our people and our partners**

Focus areas

Health & Wellness
Ensure the health and well-being of stakeholders through our building designs, operations and services

Our People, Partners and Customers
Actively engage with our people, partners and customers to address their needs

Highlights

- **Outperformed** the industry with **<7** per 1,000 workers **accident frequency rate**
- Henderson Development Anti-Epidemic Fund sponsored the **"Early Vaccination Incentive Scheme"** campaign and provided over **HK$6.3 million** worth of prizes to the public in lucky draws
- Cumulatively achieved **6** WELL project accreditations, **3** China Healthy Building Design Label
- Fanling North project is one of the **first** residential development projects in Hong Kong to obtain **WELL v2 Platinum Level Pre-certification**
- Caine Hill is the **first** Hong Kong residential development project to obtain **China Healthy Building Design Label** and achieve the **highest 3-Star Rating**
- Above **98%** overall customer satisfaction

Sustainability targets

- Minimise **accident rate** to **<7** out of 1000 workers by 2022
- ↑ total training hours per employee by **15%** by 2025 from 2020 base year
- Conduct regular customer satisfaction surveys and maintain a **high customer satisfaction rate**[7] each year

Note 7: Covering properties managed by Goodwill, Well Born and Hang Yick.

ENDEAVOUR FOR COMMUNITY

Establishing a Liveable Community: **Providing a more liveable environment that enhances well-being and quality of life**

Focus areas

Sustainable Community and Liveable Community
Enhance the living standards and proactively address stakeholders' needs

Highlights

- Presented **HK$23.72 million** of cash incentives to team members of the Hong Kong, China Delegation via the **"Henderson Land Commendation Scheme for Elite Athletes"**
- Submitted an application under Land Sharing Pilot Scheme to the Development Bureau, providing about **8,500 public housing** and **Starter Home units** and about **3,600 private housing units** in Lam Tsuen, Tai Po
- Henderson Warmth Volunteer Team, Goodwill, Well Born and Hang Yick contributed over **80,000** service hours as a whole to deserving causes
- Donated **RMB 10 million** to support disaster relief efforts in Henan
- **Lead Sponsor** for the **Food Made Good Hong Kong Awards 2021** to champion sustainability development in food businesses

Sustainability targets

- Henderson Warmth Volunteer Team, Goodwill, Well Born and Hang Yick will continue to contribute over **80,000** service hours per year to deserving causes

Our Corporate Governance

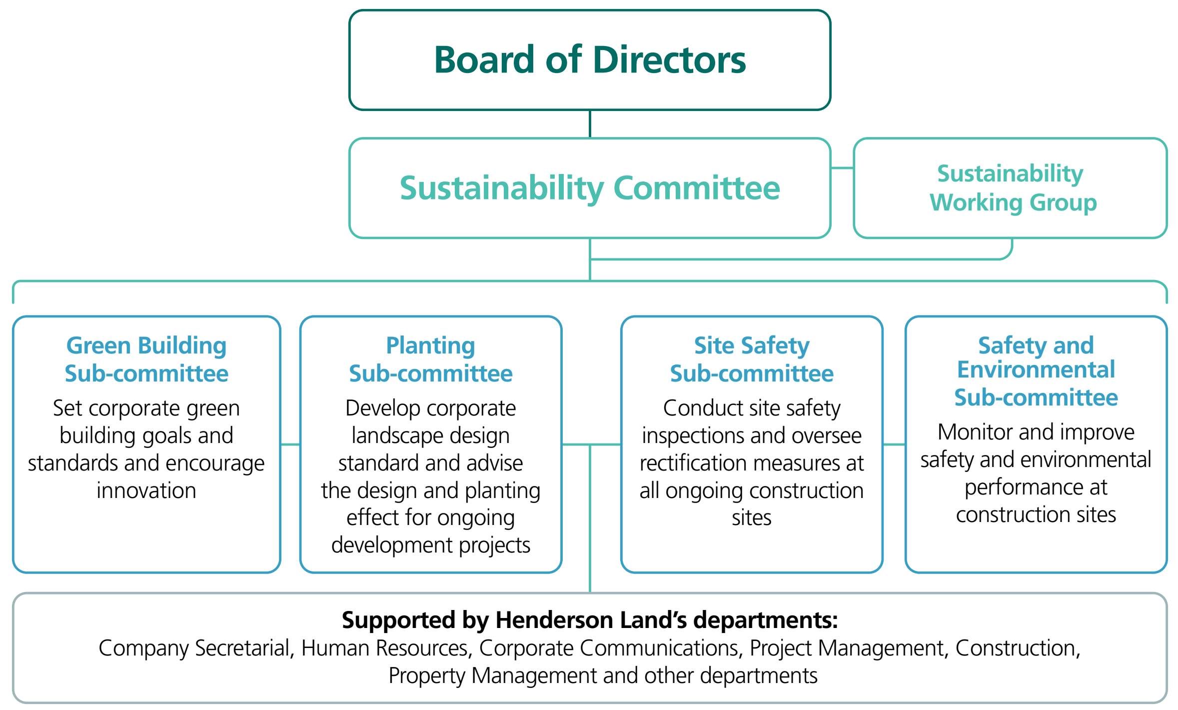
Governance structure

The Board is actively engaged in formulating and implementing our sustainability strategy and policies as well as overseeing our risk management by ensuring that appropriate and effective Environmental, Social and Governance ("ESG") risk management and internal control systems are in place to address the ESG-related risks ("ESG risks"), including climate-related risks. While the Sustainability Committee supports the Board on evaluating, prioritising and managing material ESG issues to the Sustainability Committee, the Board also reviews and approves the Sustainability Report, including ESG-related strategy and progress made against ESG goals and targets on an annual basis.

The Sustainability Committee is chaired by the Group's Chairman, Dr Lee Ka Shing and comprises several directors and department heads. Its primary role is to manage Henderson Land's overall approach to sustainability, including overseeing the identification of material ESG issues, developing the Group's sustainability strategy and policies, and regularly evaluating the Group's sustainability performance and progress made against sustainability targets. The Committee reports relevant issues to the Board on a regular basis.

Supporting internal engagement to communicate sustainability strategy and targets to all departments, our Sustainability Working Group comprises dedicated team members who serve as sustainability champions and ambassadors to lead the planning, execution and evaluation of the sustainability initiatives. Such Working Group facilitates corporate-wide communication on different ESG matters and shares ESG knowledge and trends among internal stakeholders who support our sustainability strategy.

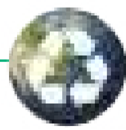
In addition, there are four functional sub-committees focusing on particular ESG areas to ensure the effective implementation of ESG-related policies and initiatives. With sustainability being embedded in our day-to-day activities, departments are involved in the execution and delivery of sustainability initiatives.



Policies

Our Corporate Social Responsibility Policy formalises our commitment to operating responsibly, taking us beyond minimum regulatory requirements for workplace quality, environmental protection, operating practices and community investment. The Group regularly reviews the Corporate Social Responsibility Policy and will update it as appropriate so that it reflects our approach to ever-changing operating factors and community needs.

The Board has approved the following key policies that articulate and define important principles and values of the Group:

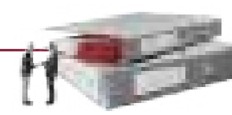


Environmental

- Biodiversity Policy NEW
- Climate Change Policy REVISED
- Corporate Social Responsibility Policy
- Environmental Policy (including waste and water topics) REVISED
- Sustainable Procurement Policy NEW

Social

- Anti-Corruption and Bribery Policy (including donation policy) REVISED
- Anti-Discrimination Policy
- Business Ethics and Code of Business Conduct Policy (including whistleblowing policy) REVISED
- Customer Services Code of Conduct Policy
- Director and Employee Remuneration Policy REVISED
- Health and Safety Policy
- Human Rights and Equal Employment Opportunity Policy REVISED



Governance

- Anti-Money Laundering and Counter-Terrorist Financing Policy
- Board Diversity Policy
- Dividend Policy
- Inside Information Policy
- Nomination Policy
- Risk Management Policy
- Shareholders Communication Policy REVISED

Risk management

The Board regularly reviews and discusses material operational risks, while each department is responsible for identifying its own risks and designing, implementing and monitoring relevant risk management and internal control systems.

ESG risks are also monitored regularly to ensure they are considered as part of the Group's business decision-making. With increasing investor concerns, this year we assessed and included the disclosure of climate-related risks and opportunities in the Sustainability Report. For details of the Group's approach to managing climate-related risks, please refer to the section "Our Climate Resilience Strategy".

Our Materiality Approach

Recognising the importance of understanding stakeholders' expectations in order to develop our approach to sustainability, every year we review and update our list of materiality topics based on internal and external perspectives. A total of 22 material sustainability topics were ranked in the matrix according to the importance of each topic to our internal and external stakeholders.

More information on how we have addressed each material topic can be found in the respective sections of the Report.

Our Climate Resilience Strategy

We proactively develop and disclose our climate resilience strategy with reference to the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") to enhance the transparency of how the Group considers relevant climate-related risks and opportunities. This section explains our strategy for strengthening our resilience to climate-related risks.

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Based on a high-level assessment to identify climate-related risks relevant to our assets and operations across key markets, we engaged our key internal stakeholders and management through a series of workshops. We prioritised the risks and opportunities based on stakeholders' understanding and assessment of the level of impact to the Group and their likelihood, taking into consideration different timeframes, our growth and development plan, our unique business nature and geographical locations.

Below is a summary of the prioritised climate-related risks, potential impacts and our resilience strategy developed:

Climate risks and opportunities		Potential impacts	Our resilience strategy
Physical	**Increased frequency and severity of extreme weather events such as strong typhoons and rainfalls**	• Decreased revenue due to extreme weather events that reduce customer traffic and delay construction projects • Increased capital expenditures for the implementation of mitigation measures required • Increased operational costs due to higher utility demand and more frequent health and safety incidents	• Undertake precautionary measures for all employees and workers during typhoon season, such as developing operation continuity plans and conducting emergency drills • Working instructions have been stated in the Integrated Management System to give directions on preventive measures and operational procedures • Carry out climate risk assessment and incorporate climate-resilient designs in major new developments, for example, The Henderson is designed with a 4-ply double-laminated glass unit façade which can withstand the region's super typhoons
	Increase in average temperature	• Reduced asset value due to the exposure of continuous climate risks	• Incorporate designs to adapt to rising temperature in development projects, such as greening and shading pavilions and installation of energy-saving hanging fans with high air volume • Promote the use of energy-efficient and advanced models of cooling systems and eco-friendly refrigerant

Climate risks and opportunities		Potential impacts	Our resilience strategy
Transition	**Tightened requirements and regulations on building energy efficiency and green building standards**	• Increased capital expenditures in construction and operations for the procurement of energy-efficient equipment • Increased risks of non-compliance with the requirements of building standards	• Commit to Government's Energy Saving Charter and "4T Charter" (Target, Timeline, Transparency and Together) Schemes to impose energy-saving measures and procure energy-efficient equipment • Set targets in response to Hong Kong's Climate Action Plan 2050 • Incorporate green building and renewable energy installations in our new development projects, such as the zero-carbon roof with solar energy panels and wind turbine at The Holborn in Quarry Bay and The Upper South in Ap Lei Chau
	Increased implementation of PropTech in building construction and property management	• Increased capital expenditures in construction and operations for the procurement of new technologies and R&D • Long-term opportunities to embrace technology to improve efficiency and enhance our reputation and branding	• Source and introduce technological applications such as Ampd Enertainer[8] which can reduce the usage of diesel fuels • Maximise the use of prefabrication and timberless construction to reduce carbon emission during the construction process and transportation
	Increased expectation from stakeholders (including banks, investors, etc.)	• Potential negative impacts on share price and investor demands due to lack of climate risk governance and disclosure • Possible lowered cost of capital through green finance while enhancing the Group's green building portfolio	• Include climate-related risks and opportunities disclosure in our 2021 Sustainability Report • Actively engage stakeholders including government authorities, green groups, and professional institutes to understand their expectations in key sustainability areas including climate change • Integrate sustainability considerations, including building energy efficiency into green financing, by which we have secured over HK$28 billion from green loans facilities, green undertakings facilities, sustainability-linked loans, etc, most of which are for standby purposes

Note 8: The Ampd Enertainer is an energy storage system, developed by Ampd Energy, is a greener replacement for traditional diesel generators in construction.

Green for Planet

The Group aspires to build a green portfolio by reducing our impact on the environment.

"Green for Planet" compels our business to support the SDGs throughout our sphere of influence: to combat climate change whilst ensuring sustainable consumption and production patterns.

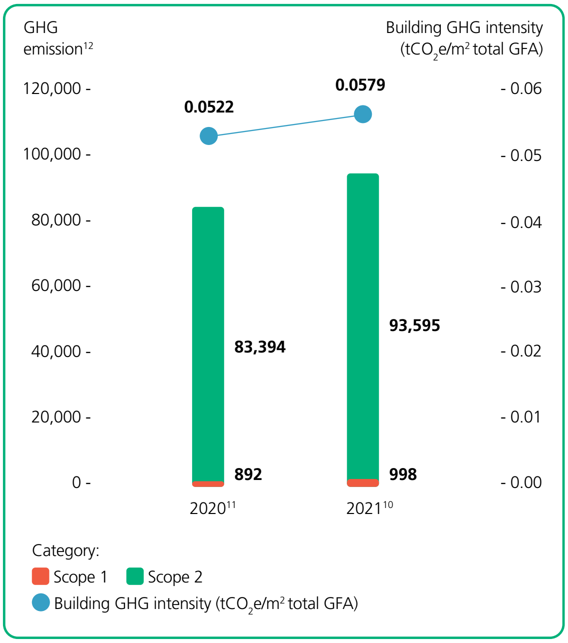
To demonstrate our dedication to addressing climate change, we have taken collaborative steps to decarbonise. For example, we pledged our support to the Hong Kong Carbon Neutrality Partnership which was established by the Environmental Bureau to work towards carbon reduction goals. In addition, the Group endorsed the Business Environment Council's ("BEC") Low Carbon Charter to set targets for decarbonisation and contribute to Hong Kong's transition to a low carbon economy. We have started assessing climate-related risks and opportunities at the Group level. For more information about our climate resilience, please refer to the section: "Our Climate Resilience Strategy".

As we advance our green portfolio and achieve greener performance, Henderson Land has started integrating sustainability considerations into our financing mechanisms. In total, the Group secured the equivalent of more than HK$28 billion using a wide variety of green finance facilities including green loans, green undertakings and sustainability-linked loans from over 10 local and international banks, mostly for standby purposes. HK$6 billion has already been used in the Group's green projects, while the remaining amount has been kept in reserve for upcoming projects that align with our long-term planning.

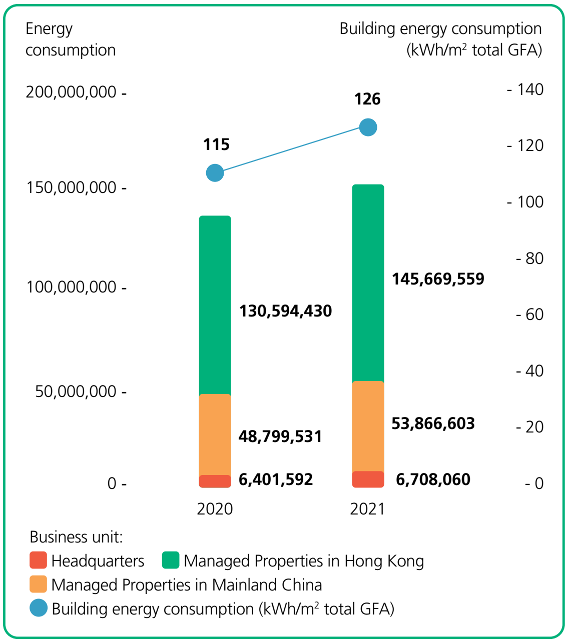
We are conscious of our environmental footprint from our new property developments and existing investment properties. In this connection, we actively adopt and explore innovative designs and solutions to improve our performance in areas such as energy consumption, emissions control, material use, waste management and water conservation.

In 2017, the Group set a target of reducing energy consumption by 10% by 2025 in the common areas of 14 of our commercial properties managed by Goodwill, with 2015 as the baseline. While we have demonstrated satisfactory progress towards the target by achieving 7% reduction in energy consumption for the said 14 properties in 2021, we have renewed the target to cover a wider scope as part of our 2030 Vision. Our new target is, by 2030, to reduce energy intensity by 20% from baseline year 2019 for our Hong Kong portfolio, and by a cumulative 10% reduction in electricity consumption from baseline year 2021 for our mainland China portfolio[9]. For other new environmental targets set, please refer to the section "Our Sustainability Strategy and Highlights".

GHG Emissions at our Headquarters, Managed Properties in Hong Kong and Mainland China



Energy Consumption at our Headquarters, Managed Properties in Hong Kong and Mainland China



Note 9: Covering majority of properties owned by the Group and/or managed by Goodwill and Starplus that are in full operation, and have a significant share of our portfolio's energy consumption.

Note 10: The increase of GHG emissions in 2021 is attributable to the resumption of the majority of operational activities following the relaxation of social distancing measures during the COVID-19 pandemic.

Note 11: As we expanded the data scope of GHG emissions, energy consumption and water consumption to cover mainland China in 2021 and 2020, we have adjusted the overall Group-level data in 2020 to reflect this accordingly.

Note 12: In 2021, we have adopted a new approach of calculating our Scope 2 GHG emissions from the purchase of electricity from the respective local utility companies in Hong Kong. Adhering to the reporting principles of "consistency", we adjusted our calculation for 2020 to align with that in 2021 and allow for a meaningful comparison of data over time.

Please refer to the Report for more information, particularly on case studies relating to Green for Planet:

- Supporting City-wide Carbon Transition
- Enabling Green Living through Green Designs
- Green Financing to Expand Our Green Portfolio
- Expanding Our Sphere of Influence – Sharing of Green Building Success
- Henderson Land x Rossana Orlandi: Waste Is Value Exhibition

Henderson Land signed a HK$2.5 billion green loan with Bank of China (Hong Kong) Limited. Earlier this year, the Group has also signed a green loan with Bank of China Shanghai Branch. These mark the Group's first green financing facilities approved by commercial banks in onshore and offshore markets respectively

Henderson Land presents the "Waste is Value" Art & Design Exhibition, Rossana Orlandi's debut exhibition in Asia that showcases unique exhibits on the theme of Sustainability and Innovation for the 45th Anniversary of Henderson Land

Innovation for Future

We strive to innovate in the ways we design, build and operate, by implementing new solutions and technologies to create a quality and smart living environment.

"Innovation for Future" demonstrates our efforts in fostering innovation and developing a more sustainable community throughout our sphere of influence as outlined in the SDGs.

We focus on areas that we have more influence over and aim to make impactful change. This year, we pivoted our focus to advancing technology innovations and social innovations in our properties and projects.

Innovation	Our approach	Highlights
Technology innovations	Technologies and smart solutions are crucial to realising our sustainability vision by minimising our environmental footprint and better engaging with our people and partners. By embedding different PropTechs in our operational processes and products, we strive to optimise our efficiency and performance along our value chain from construction, sales, property management and customer engagement	• Design for Manufacture and Assembly ("DfMA") • Weather stations and Internet of Things ("IoT") system • H-1 app • Robotics • Henderson Touch

Innovation	Our approach	Highlights
Social innovations	As a leading property developer in Hong Kong and an innovator in urban renewal, we wish to contribute to the collective effort of addressing the needs for quality housing in the society and the communities in which we operate. Therefore, we continuously challenge existing conventions and innovate how we design, build and redevelop urban areas while engaging with our stakeholders, enhancing the quality of living of our customers and forging ahead art living and inject vibrancy in urban development projects to inspire art and culture locally and globally	• Whampoa Street Rejuvenation • ARTLANE • The Harmonie • The largest transitional housing project in Hong Kong – the Kong Ha Wai project, which employs highly efficient Modular Integrated Construction technology

Before

After

Whampoa Street Rejuvenation (artist's impression)

Please refer to the Report for more information, particularly on case studies relating to Innovation for Future:

- Luxurious Residences with Cutting-edge Innovation at The Henley
- H • COINS – Your Rewards are One Click Away
- Easy Metering for the Visually Impaired and Wheelchair Users
- Whampoa Street Rejuvenation, ARTLANE, The Harmonie and Transitional Housing

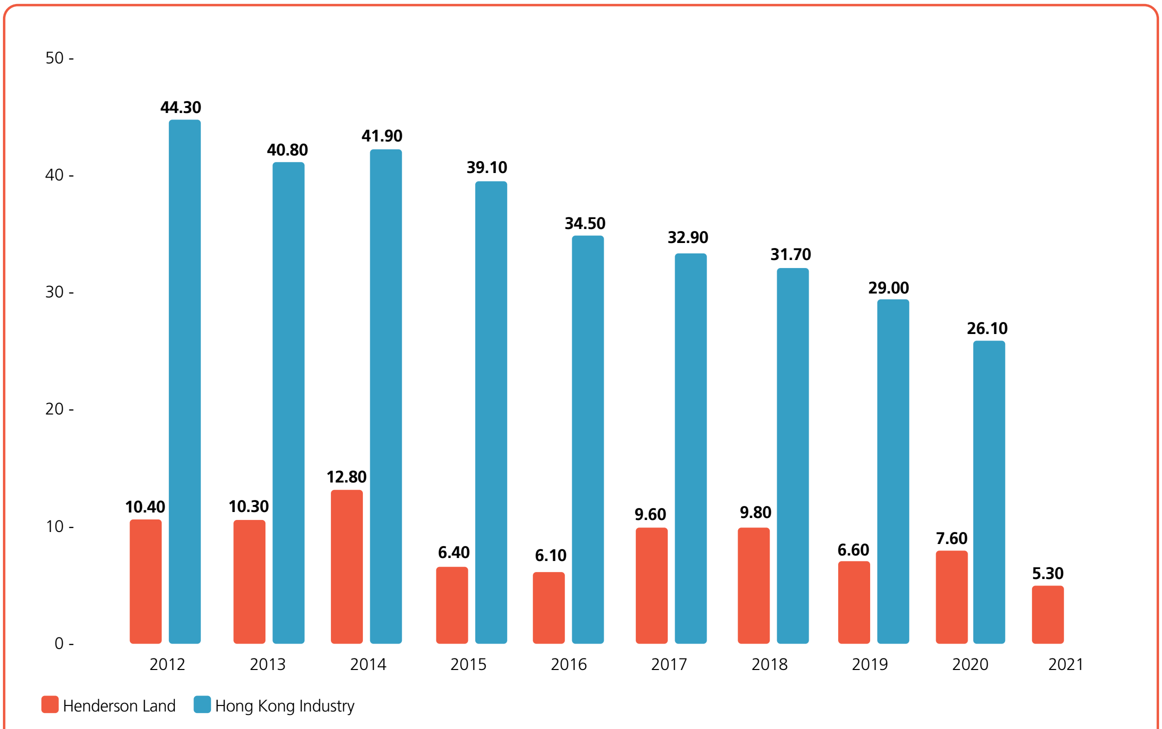
Value for People

The Group is proud of our caring culture, which is achieved by looking after our employees, customers, suppliers and business partners.

"Value for People" demonstrates our support of the SDGs throughout our sphere of influence: to promote health and well-being through our products and services, productive workforce and decent work for those who work for and with us.

Henderson Land continuously invests in supporting the physical, mental and social well-being of our people as well as our customers. In support of a harm-free workplace, we implement strict safety measures and adhere to a sound occupational health and safety management system to protect our employees and workers.

The historic accident frequency rate of Henderson Land compared to the industry



Note: 2021 accident frequency rate of the Hong Kong industry is not published by the Development Bureau yet.

In addition, as a pioneer in developing "healthy" buildings, the Group places great emphasis on promoting customer wellness in our built environment. We enhance indoor environmental conditions by integrating features and implementing measures to continuously improve the quality of air, water and other elements such as hygiene, lighting, acoustics and aesthetics. We have obtained six related building certifications across our portfolio as a reflection of our efforts to promote customer health and wellness.

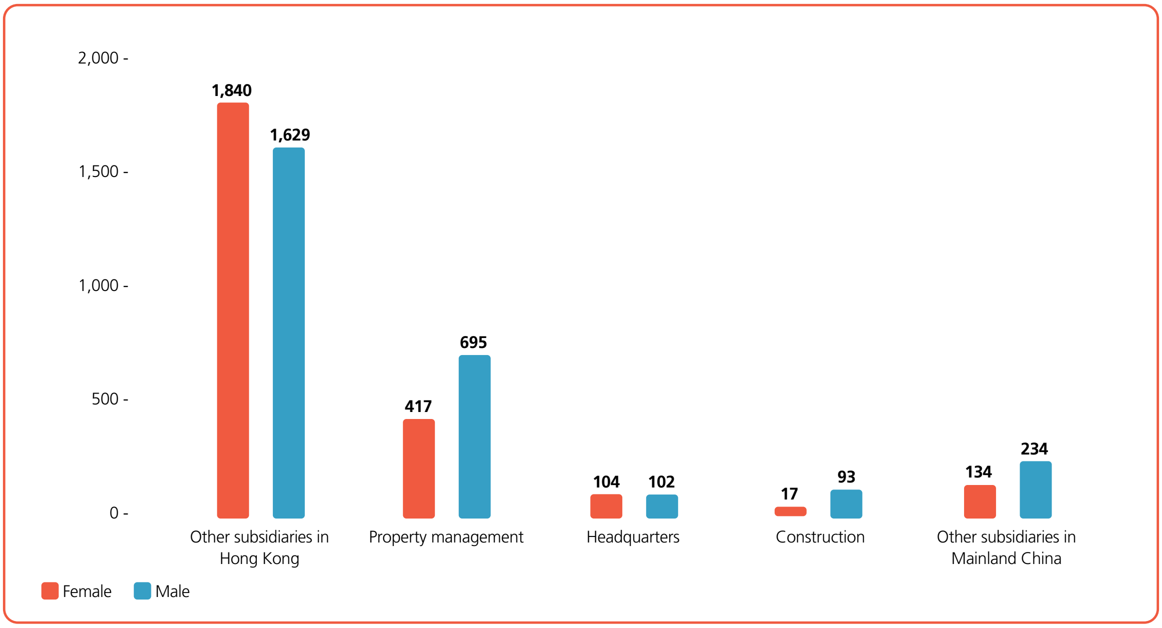
In response to the COVID-19 pandemic, the Group has taken a proactive stance to support and protect our employees against the virus. Examples of initiatives taken:

- Providing vaccination leave for vaccinated employees
- Providing state-of-the-art hygienic "Raze Technology", which uses photocatalysts to eliminate pollutants in the air
- Providing frontline staff with rapid antigen test kits for conducting self-testing

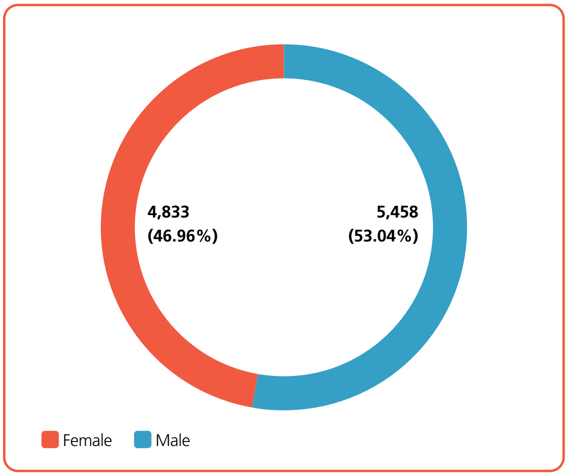
Apart from protecting our employees, the Group also actively contributed to the community's efforts to fight the virus. The Henderson Development Anti-Epidemic Fund, privately financed by the Group's Chairmen, Dr Lee Ka Kit and Dr Lee Ka Shing, sponsored the "Early Vaccination Incentive Scheme", which was launched to motivate the public to get vaccinated as soon as possible. A total of over HK$6.3 million worth of prizes were offered by the Group via a series of lucky draws.

As employees are our most valuable asset, we aspire to employ a diverse workforce that works together collaboratively while fostering a culture of continuous learning among our employees. Moreover, we regularly arrange training courses for our employees which provide them with continuing educational and personal development opportunities.

New hires in Hong Kong and Mainland China in 2021, by gender



Workforce in 2021, by gender



The Group has been active in sustainability advocacy and engagement by hosting industry sharing events and joining conferences, with the purpose to educate the public on sustainability topics, and more importantly to enable ourselves to gain insights from the industry's best practices and stay on top of the latest sustainability trends.

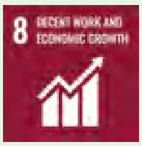
Please refer to the Report for more information, particularly on case studies relating to Value for People:

- Joining Hands to Fight the Pandemic through the "Early Vaccination Incentive Scheme"
- Enhancement of Residents' Wellness
- Fostering Residents' Connection to Nature

Endeavour for Community

We endeavour to facilitate wellness and a higher quality of life in our community.

Through our pillar of “Endeavour for Community”, we support SDGs 8 and 11, and work towards promoting sustainable and inclusive economic growth for the communities we work in and work with.



Henderson Land has been proactively promoting Hong Kong’s sports development over the years, supporting local athletes in pursuing their dreams and claiming glory for the city. In recognition of the historic achievement of the Hong Kong, China Delegation at various major events including the Tokyo 2020 Olympic Games, the Tokyo 2020 Paralympic Games and the 14th National Games of the People’s Republic of China, the “Henderson Land Commendation Scheme for Elite Athletes”, established in 2018 with donations from the Lee Shau Kee Foundation, presented HK$23,725,000 of cash incentives to winning team members of the Hong Kong, China Delegation.

We aim to build sustainable communities and play our part in helping to alleviate the housing supply shortage in Hong Kong. Under the Government’s Land Sharing Pilot Scheme, Henderson Land, together with Wheelock Properties Limited, submitted a joint proposal to the Development Bureau during the year, aiming to unlock the development potential of land lots in Lam Tsuen, Tai Po for comprehensive community development including housing, supporting infrastructures and community facilities. The project site is expected to supply about 8,500 public housing and Starter Homes units and 3,600 private units.

Expanding our care towards communities beyond Hong Kong, in response to the 2021 Henan floods, Henderson Land donated RMB 10 million to support the region’s disaster relief.

Henderson Land continued to drive and support various community investment programmes, whilst working alongside trusted NGO partners. The Group supported around 100 community programmes during the year. Below are some of the community programmes within the four priority areas.

Priority area	Community programmes
Poverty relief	• Commission on Poverty's "Future Stars" – Upward Mobility Scholarship Programme • Hong Kong Community Network – Kwai Tsing Ethnic Minority Programme • Visiting elderly living alone in housing estates • Home Market – continuing our support for the city's grassroots individuals • Charity Sales – spread happiness all year around
Environmental stewardship	• Plantation Enrichment Programme • Green Power Hike • Worldwide Fund For Nature Hong Kong ("WWF-Hong Kong") Walk for Nature @ Mai Po • The Green Earth – Walk for the Green Earth • First developer to support the Food Made Good Hong Kong Awards
Arts & culture	• HART – supporting local creative talents • HART x LST – Art and Community Pilot Programme • Friends of Hong Kong Museum of Art – Art For Everyone @HKMoA
Youth development	• HKSAR Government Space Sharing Scheme for Youth • Summerbridge Hong Kong • Urban Land Institute – UrbanPlan • Supporting online learning for 1,700 local students amid epidemic • Providing exhibition space to NGOs and educational institutions

Please refer to the Report for more information, particularly on case studies relating to Endeavour for Community:

- Supporting Hong Kong’s Sports Development and Local Athletes
- Brand New Approach for Engaging the Neighbourhood at Square Mile

Our Project Accreditations

Our dedication to sustainability through our building designs is evident in our green building certifications and the awards we have achieved.

Our cumulative achievements of local, regional and international green building certifications demonstrate our leadership in this space:

50
BEAM Plus
(+9 compared to 2020)

19
BEAM

15
LEED Gold or above certifications
(+1 compared to 2020)

8
China Green Building Design Labels
(+1 compared to 2020)

The cumulative number of healthy buildings certifications achieved demonstrates our leadership in this space:

6
WELL project accreditations
(+2 compared to 2020)

3
China Healthy Building Design Labels
(+2 compared to 2020)

Corporate Governance Report

The Board of Directors of the Company (the "Board") is pleased to present the Corporate Governance Report of the Company for the year ended 31 December 2021.

1 Commitment to Corporate Governance

The Company acknowledges the importance of good corporate governance practices and procedures and regards a pre-eminent board of directors, sound risk management and internal controls, and accountability to all shareholders as the core elements of its corporate governance principles. The Company endeavours to ensure that its businesses are conducted in accordance with rules and regulations, and applicable codes and standards.

2 Corporate Governance Code

During the year ended 31 December 2021, the Company complied with the applicable code provisions set out in the Corporate Governance Code (the "CG Code") as stated in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), with the exception that the roles of the chairman and the chief executive officer of the Company have not been segregated as required by the CG Code. The Company is of the view that it is in the best interest of the Company that each of Dr Lee Ka Kit and Dr Lee Ka Shing, with his relevant in-depth expertise and knowledge in the Group's business, acts in the dual capacity as Chairman and Managing Director of the Company. Although the roles of the chairman and the chief executive officer of the Company have not been segregated, powers and authorities have not been over-concentrated as all major decisions are made in consultation with Board members and senior management who possess the relevant knowledge and expertise, as well as appropriate Board committees. Hence, the current arrangements are subject to adequate checks and balances notwithstanding such deviation.

3 Board of Directors

(a) Responsibilities of and Support for Directors

The Board has the responsibility for the management of the Company, which includes formulating a corporate strategy and a long term business model, directing and supervising the Company's affairs, approving interim reports and annual reports, announcements and press releases of interim and final results, considering dividend policy and approving the issue, allotment or disposal, or grant of options, in respect of securities or debentures of the Company. It is also responsible for performing the corporate governance duties and reviewing the effectiveness of the risk management and internal control systems which include reviewing the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, financial reporting functions, as well as those relating to the Company's environmental, social and governance ("ESG") performance and reporting. The Board makes broad policy decisions and has delegated the responsibility for detailed considerations and implementation of the above matters to the Board's standing committee (the "Standing Committee") and, where appropriate, other specific committees.

The day-to-day management, administration and operation of the Company are delegated to the management team. The Board gives clear directions to the management as to their powers of management, and circumstances in which the management should report back.

Every Director ensures that he/she gives sufficient time and attention to the affairs of the Company. Each Director shall disclose to the Company at the time of his/her appointment the directorships held in listed companies or nature of offices held in public organisations and other significant commitment, with the identity of such listed companies or public organisations. The Company has also requested Directors to provide in a timely manner any change on such information. Each Director is also required to disclose to the Company his/her time commitment. The details of the Directors' time commitment are disclosed under the sub-paragraph "Directors' Time Commitment and Trainings" below.

All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. The Directors will be notified of code provision amendment updates in respect of the CG Code so as to be kept abreast of the latest requirements and be assisted in fulfilling their responsibilities. The Directors are also provided with monthly updates which contain periodic financials with summaries of key events, outlook and business related matters of the Group. The monthly updates present a balanced and understandable assessment of the Company's performance and position. The Non-executive Directors and Independent Non-executive Directors may, after making a request to the Board, take independent professional advice at the Company's expense in carrying out their functions.

(b) Board Composition

The Board currently comprises eighteen members, as detailed below:

Executive Directors	Non-executive Directors	Independent Non-executive Directors
Dr Lee Ka Kit *(Chairman and Managing Director)*	Lee Tat Man	Kwong Che Keung, Gordon
Dr Lee Ka Shing *(Chairman and Managing Director)*	Lee Pui Ling, Angelina	Professor Ko Ping Keung
Dr Lam Ko Yin, Colin *(Vice Chairman)*		Wu King Cheong
Dr Lee Shau Kee		Woo Ka Biu, Jackson
Yip Ying Chee, John		Professor Poon Chung Kwong
Fung Lee Woon King		Au Siu Kee, Alexander
Kwok Ping Ho		
Suen Kwok Lam		
Wong Ho Ming, Augustine		
Fung Hau Chung, Andrew		

The biographical details of the Directors are set out on pages 167 to 172 of this Annual Report. Dr Lee Shau Kee is the father of Dr Lee Ka Kit and Dr Lee Ka Shing, the brother of Mr Lee Tat Man and Madam Fung Lee Woon King. Save as aforesaid, none of the members of the Board is related to one another. A List of Directors and their Role and Function is available on the Company's website.

The Board comprises male and female Directors with diverse backgrounds and/or extensive expertise in the Group's businesses. The Board also has a balanced composition of Executive and Non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgement. The Board considers that each of the Non-executive Directors and Independent Non-executive Directors brings his/her own relevant expertise to the Board.

The Board has established mechanisms to ensure independent views are available to the Board. The full text of the mechanisms is available on the Company's website and a summary of which is set out below:

(i) *Composition*

The Board ensures the appointment of at least three Independent Non-executive Directors and at least one-third of its members being Independent Non-executive Directors (or such higher threshold as may be required by the Listing Rules from time to time), with at least one Independent Non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise. Further, Independent Non-executive Directors will be appointed to Board Committees as required under the Listing Rules and as far as practicable to ensure independent views are available.

(ii) *Independence Assessment*

The Nomination Committee strictly adheres to the Nomination Policy with regard to the nomination and appointment of Independent Non-executive Directors, and is mandated to assess annually the independence of Independent Non-executive Directors to ensure that they can continually exercise independent judgement.

(iii) *Compensation*

No equity-based remuneration with performance-related elements will be granted to Independent Non-executive Directors as this may lead to bias in their decision-making and compromise their objectivity and independence.

(iv) *Board Decision Making*

Directors (including Independent Non-executive Directors) are entitled to seek further information from the management on the matters to be discussed at Board meetings and, where necessary, independent advice from external professional advisers at the Company's expense.

A Director (including Independent Non-executive Director) who has a material interest in a contract, transaction or arrangement shall not vote or be counted in the quorum on any Board resolution approving the same.

During the year ended 31 December 2021, the Board at all times met the requirements of the Listing Rules relating to the appointment of Independent Non-executive Directors as mentioned in item (i) above.

The Company has received confirmation in writing of independence from each of the Independent Non-executive Directors and considers them to be independent of the management and free of any relationship that could materially interfere with the exercise of their independent judgement.

(c) Appointment and Re-election of Directors

The Board is empowered under the Company's Articles of Association ("Articles") to appoint any person, as a Director, either to fill a casual vacancy on or to be an additional member of the Board. Only the most suitable candidates who are experienced and competent and able to fulfill the fiduciary duties and exercise reasonable care, skill and diligence would be recommended to the Board for selection. Appointments are first considered by the Nomination Committee in accordance with its terms of reference with due regard to the Company's Nomination Policy and Board Diversity Policy, and recommendations of the Nomination Committee are then put to the Board for decision.

In accordance with the Articles, new appointments to the Board are subject to re-election at the next following Annual General Meeting of the Company ("AGM"). Furthermore, nearest one-third of the Directors shall retire from office by rotation but are eligible for re-election at the AGM. The Board will ensure that every Director (including every Non-executive Director) is subject to retirement by rotation at least once every three years. Each Director was appointed by a letter of appointment setting out the key terms and conditions of his/her appointment.

The appointment of Independent Non-executive Directors adheres to the guidelines for assessing independence as set out in Rule 3.13 of the Listing Rules. Mr Au Siu Kee, Alexander ("Mr Au"), an Independent Non-executive Director, has the following directorships which fall within the independence guideline in Rule 3.13(7) of the Listing Rules:

(i) Mr Au is currently the chairman and a non-executive director of Henderson Sunlight Asset Management Limited ("HSAM"), a subsidiary of the Company and the manager of the publicly-listed Sunlight Real Estate Investment Trust ("Sunlight REIT"). Sunlight REIT is regarded as a core connected person of the Company for the purpose of the Listing Rules. As Mr Au plays a non-executive role in HSAM, and Sunlight REIT is not a subsidiary of the Company, the Company considers that such non-executive role in HSAM has no bearing on Mr Au's independence.

(ii) Mr Au is currently also a non-executive director of Hong Kong Ferry (Holdings) Company Limited, an associated company of the Company. As a non-executive director, Mr Au does not/did not take part in the day-to-day management of and has no/had no executive role in such company. The Company considers that Mr Au's role in such company has no impact on his independence as an Independent Non-executive Director of the Company.

(d) Board Meetings

(i) Number of Meetings and Directors' Attendance

The Board meets from time to time and at least four times a year to discuss and exchange ideas on the affairs of the Company. During the year ended 31 December 2021, the Board held four meetings to approve interim/final results announcements and interim/annual reports, to determine the level of dividends, to discuss significant issues and the general operation of the Company, and to approve matters and transactions specifically reserved to the Board for its decision. The attendance of the Directors is set out in the table on page 136.

During the year, the Independent Non-executive Directors held a meeting among themselves. In addition, the Chairmen held a meeting with the Independent Non-executive Directors without the presence of other Directors in accordance with the CG Code.

(ii) Practices and Conduct of Meetings

Notices of regular Board meetings are given to all Directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given. Meeting agenda and accompanying Board papers are sent to all Directors in a timely manner and at least three days before the Board/committee meetings.

The Company Secretary of the Company is responsible for taking and keeping minutes of all Board and committee meetings. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and the final signed version is open for Directors' inspection with copies sent to all Directors for their records.

(e) Conflict of Interest

If a Director has a material interest in a matter of significant nature to be considered by the Board, a physical meeting or meeting by video conference will be held to discuss such matter instead of seeking Directors' written consent by way of circulation of written resolution. In accordance with the Articles, such Director who is considered to be materially interested in the matter shall abstain from voting and not be counted in the quorum.

(f) Director's and Officer's Liability Insurance

The Company has arranged director's and officer's liability insurance to indemnify the Directors and senior management against any potential liability arising from the Company's business activities which such Directors and senior management may be held liable.

The Company also keeps Directors indemnified against any claims to the fullest extent permitted by the applicable laws and regulations arising out of the Directors' proper discharge of duties except for those attributable to any gross negligence or wilful misconduct.

(g) Directors' Time Commitment and Trainings

Each Director had ensured that he/she had given sufficient time and attention to the affairs of the Company for the year. Directors have disclosed to the Company the number and nature of offices held in Hong Kong or overseas listed public companies or organisations and other significant commitments, with the identity of the public companies and organisations and an indication of the time involved. Directors are encouraged to participate in professional, public and community organisations. They are also reminded to notify the Company of any change of such information in a timely manner. Other details of Directors, including their directorships held in listed public companies in the past three years, are set out in the biographical details of Directors on pages 167 to 172 of this Annual Report.

During the year, a presentation on information technology system update was arranged for the Directors. Legal and regulatory updates are provided from time to time to the Directors for their reading. Directors are also encouraged to attend outside talks and seminars to enrich their knowledge in discharging their duties as a director. On a regular basis, information on seminars organised by professional bodies is provided to the Directors, and the seminar enrolments are handled by the company secretarial department.

The Group observes a strict code of ethics in all spheres and has no tolerance for any form of corruption or other misconduct. In order to reinforce awareness of our Directors on preventing corruption, we regularly provide anti-corruption training for the Directors which include legal and regulatory updates as well as anti-corruption training materials in the form of footages made by the Independent Commission Against Corruption.

According to the training records provided by the Directors to the Company, they participated in continuous professional development in 2021 which included attending seminars and talks, and reading legal and regulatory updates and other reference materials. The seminars, talks and other reference materials involved topics on risk management, anti-corruption, regulatory updates, directors' duties and liabilities and information technologies, etc. During the year, the trainings undertaken by each Director are summarised as follows:

	Attending Seminars, Talks and Briefings	Reading Legal and Regulatory Updates and other Reference Materials
Executive Directors		
Dr Lee Ka Kit *(Chairman and Managing Director)*	✓	✓
Dr Lee Ka Shing *(Chairman and Managing Director)*	✓	✓
Dr Lam Ko Yin, Colin	✓	✓
Dr Lee Shau Kee	✘	✓
Yip Ying Chee, John	✓	✓
Fung Lee Woon King	✓	✓
Kwok Ping Ho	✓	✓
Suen Kwok Lam	✓	✓
Wong Ho Ming, Augustine	✓	✓
Fung Hau Chung, Andrew	✓	✓
Non-executive Directors		
Lee Tat Man	✘	✓
Lee Pui Ling, Angelina	✓	✓
Independent Non-executive Directors		
Kwong Che Keung, Gordon	✓	✓
Professor Ko Ping Keung	✓	✓
Wu King Cheong	✓	✓
Woo Ka Biu, Jackson	✓	✓
Professor Poon Chung Kwong	✓	✓
Au Siu Kee, Alexander	✓	✓

4 Board Committees

The Board has six Board Committees, namely, the Standing Committee, the Audit Committee, the Remuneration Committee, the Nomination Committee, the Corporate Governance Committee and the Whistleblowing Committee for overseeing particular aspects of the Company's affairs. The Standing Committee of the Board operates as a general management committee with delegated authority from the Board.

The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

(a) Audit Committee

The Audit Committee was established in December 1998 and reports to the Board. The members of the Audit Committee are:

Independent Non-executive Directors

Kwong Che Keung, Gordon *(Chairman)*
Professor Ko Ping Keung
Wu King Cheong
Au Siu Kee, Alexander

Both the Chairman and Mr Au Siu Kee, Alexander have the appropriate professional qualifications as required under the Listing Rules. None of the members of the Audit Committee was a former partner of the Company's existing external auditor within two years immediately prior to the dates of their respective appointments. All members have appropriate skills and experience in reviewing financial statements as well as addressing significant control and financial issues of public companies. The Board expects the Committee members to exercise independent judgement in conducting the business of the Committee.

The written terms of reference include the authority and duties of the Audit Committee and amongst its principal duties are the review and supervision of the Company's financial reporting process and risk management and internal control systems. The terms of reference of the Audit Committee are available on the Company's website.

During the year, the Audit Committee held three meetings. Its responsibilities performed relate to the following areas:

(i) Financial Reporting

In respect of the financial year ended 31 December 2021, the Committee reviewed the interim and annual results announcements and reports, discussed the financial highlights, explanations and analysis on operational and financial performance given by the management. The Committee gave careful consideration to the accounting policies adopted, significant accounting judgements applied, compliance with applicable regulatory requirements and accounting standards, as well as adequacy of reporting disclosures. Significant accounting issues relating to the financial statements were discussed amongst the Committee, the management and the external auditor for a proper accounting treatment or detailed disclosure.

The Committee also discussed with the management to ensure that the Company is having adequate resources, qualified and experienced staff of the accounting and financial reporting function, training programmes and budget.

(ii) *External Auditor*

The Committee considered and approved the appointment of external auditor after having reviewed the terms of engagement, the level of remuneration and the confirmation of independence provided by the external auditor. The Committee assessed the effectiveness of the audit process, including the audit plan, the audit approach and scope, key audit matters identified and addressed, as well as the application of information technology audit.

The Committee also reviewed and approved the appointment of external auditor as reporting accountants for certain projects and considered the level of remuneration for such non-audit services.

(iii) *Risk management and internal controls*

The Committee reviewed the works and reports of the Group's Audit Department on audit of the internal controls function and the rectification procedures taken by the management in respect of any deficiencies. The Committee also assessed the effectiveness of the risk management (including ESG risk) and internal control systems as set out in the paragraph headed "Internal Audit, Risk Management and Internal Controls" below.

(b) Remuneration Committee

The Remuneration Committee which was established in January 2005 comprises:

Executive Directors	**Independent Non-executive Directors**
Dr Lee Ka Kit	Wu King Cheong *(Chairman)*
Dr Lee Ka Shing	Kwong Che Keung, Gordon
Dr Lam Ko Yin, Colin	Professor Ko Ping Keung
	Au Siu Kee, Alexander

Each member is sufficiently experienced and is appropriately skilled in the issues of determining executive compensations in public companies. The Board expects the committee members to exercise independent judgement in conducting the business of the committee.

The written terms of reference include the specific duties of determining, with delegated responsibility, the remuneration package of the individual Executive Director and senior management and making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management. The terms of reference of the Remuneration Committee are available on the Company's website.

During the year ended 31 December 2021, the Remuneration Committee held a meeting to review the salary structure of the employees of the Company and the level of salary increments for 2022 as well as the remuneration of senior management staff and the Directors with reference to the remuneration level of directors of comparable listed companies. The Company's policy serves a guide to the Remuneration Committee in considering the directors' remuneration and a summary thereof is set out in the paragraph headed "Board Policies" below.

Particulars of the Directors' emoluments disclosed pursuant to the Companies Ordinance (Cap. 622) and Appendix 16 of the Listing Rules are set out in note 9 to the financial statements on pages 240 to 242 while the analysis of the senior management's emoluments by band is set out in note 10 to the financial statements on page 243. The Director's fees are fixed at the rate of HK$150,000 per annum for each Executive Director/Non-executive Director and HK$250,000 per annum for each Independent Non-executive Director. In the event that an Independent Non-executive Director serves on Board committees, he will be paid an additional fee of HK$250,000 per annum for acting as a member of the Audit Committee, and HK$100,000 per annum for acting as a member of each of the Nomination Committee, the Remuneration Committee and the Corporate Governance Committee. The above remuneration remains unchanged until the Company in general meetings otherwise determines. Other emoluments shall from time to time be determined with reference to the Directors' duties and responsibilities.

(c) Nomination Committee

The Nomination Committee which was established in December 2011 comprises:

Executive Directors	Independent Non-executive Directors
Dr Lee Ka Kit	Wu King Cheong *(Chairman)*
Dr Lee Ka Shing	Kwong Che Keung, Gordon
Dr Lam Ko Yin, Colin	Professor Ko Ping Keung
	Au Siu Kee, Alexander

Each member is sufficiently experienced and is appropriately skilled in the issues of nomination of directors to the Board. The Company has provided the Nomination Committee with sufficient resources to perform its duties. The Nomination Committee may seek independent professional advice, at the Company's expense, to perform its responsibilities.

The written terms of reference include the specific duties of reviewing the structure, size and composition of the Board with due regard to the Board Diversity Policy and making recommendation on any proposed changes to the Board to complement the Company's corporate policy. Nominations will be made in accordance with the Nomination Policy and the ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The terms of reference of the Nomination Committee are available on the Company's website.

The Nomination Committee held two meetings during the year ended 31 December 2021. The major work performed by the Nomination Committee during the year included assessing the independence of Independent Non-executive Directors of the Company, and making recommendation to the Board on the retiring Directors' eligibility for re-election at the AGM and the extension of the term of office of an Independent Non-executive Director. It also reviewed the size and composition of the Board, the Board Diversity Policy and the Nomination Policy, and considered that the said policies were appropriate and effective.

The Nomination Committee has to follow the principles set out in the Nomination Policy and the Board Diversity Policy adopted by the Board which are more particularly described in the paragraph headed "Board Policies" below.

(d) Corporate Governance Committee

The Corporate Governance Committee which was established in October 2012 comprises:

Independent Non-executive Directors
Kwong Che Keung, Gordon *(Chairman)*
Professor Poon Chung Kwong
Au Siu Kee, Alexander

Each member is sufficiently experienced and is appropriately skilled in the issues of corporate governance. The Company has provided the Corporate Governance Committee with sufficient resources to perform its duties.

The written terms of reference include the duties of developing and reviewing the Company's policies and practices on corporate governance and monitor such policies and practices on compliance with legal and regulatory requirements. The terms of reference of the Corporate Governance Committee are available on the Company's website.

During the year, the Corporate Governance Committee held two meetings to review the Company's initiatives and strategies on ESG matters, formulate the work plan for the 2021 Corporate Governance Report, review the overall sustainability performance of the Group and the training and continuous professional development of the Directors and senior management.

(e) Whistleblowing Committee

The Whistleblowing Committee was established in March 2022 and reports to the Board. The members of the Whistleblowing Committee comprises:

Executive Director	**Independent Non-executive Directors**
Dr Lam Ko Yin, Colin *(Chairman)*	Professor Ko Ping Keung
	Wu King Cheong

The Company has established systems for employees and those who deal with the Group to raise concerns about possible improprieties in any matters, in confidence and anonymity, to be dealt with by the Whistleblowing Committee. Each member is appropriately skilled in handling alleged improprieties reported by whistleblowers.

The written terms of reference include monitoring the effectiveness of the whistleblowing arrangements, ensuring proper procedures for fair and independent investigation of the reported improprieties as well as warranting the confidentiality of the information received and findings of the investigation.

(f) Attendance Record at Board Meetings, Committee Meetings and AGM

The attendance of the individual Director at the meetings of the Board, the Audit Committee, the Remuneration Committee, the Nomination Committee, the Corporate Governance Committee and the AGM during the year ended 31 December 2021 is set out in the following table:

	No. of meetings attended/No. of meetings held					
	Board	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Governance Committee	AGM
Executive Directors						
Dr Lee Ka Kit *(Chairman and Managing Director)*	4/4	N/A	1/1	2/2	N/A	1/1
Dr Lee Ka Shing *(Chairman and Managing Director)*	4/4	N/A	1/1	2/2	N/A	1/1
Dr Lam Ko Yin, Colin	4/4	N/A	1/1	2/2	N/A	1/1
Dr Lee Shau Kee	1/4	N/A	N/A	N/A	N/A	0/1
Yip Ying Chee, John	4/4	N/A	N/A	N/A	N/A	1/1
Fung Lee Woon King	4/4	N/A	N/A	N/A	N/A	1/1
Kwok Ping Ho	4/4	N/A	N/A	N/A	N/A	1/1
Suen Kwok Lam	4/4	N/A	N/A	N/A	N/A	1/1
Wong Ho Ming, Augustine	4/4	N/A	N/A	N/A	N/A	1/1
Fung Hau Chung, Andrew	4/4	N/A	N/A	N/A	N/A	1/1
Non-executive Directors						
Lee Tat Man	0/4	N/A	N/A	N/A	N/A	0/1
Lee Pui Ling, Angelina	4/4	N/A	N/A	N/A	N/A	1/1
Independent Non-executive Directors						
Kwong Che Keung, Gordon	4/4	3/3	1/1	2/2	2/2	1/1
Professor Ko Ping Keung	4/4	3/3	1/1	2/2	N/A	1/1
Wu King Cheong	4/4	3/3	1/1	2/2	N/A	1/1
Woo Ka Biu, Jackson	4/4	N/A	N/A	N/A	N/A	1/1
Professor Poon Chung Kwong	4/4	N/A	N/A	N/A	2/2	1/1
Au Siu Kee, Alexander	4/4	3/3	1/1	2/2	2/2	1/1

5 Directors' Responsibility for the Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2021, which give a true and fair view of the state of affairs of the Company and of the Group at that date and of the Group's results and cash flows for the year then ended and are properly prepared on the going concern basis in accordance with the statutory requirements and applicable accounting standards.

The statement of the Auditor of the Company about their reporting responsibilities on the financial statements of the Company is set out in the Independent Auditor's Report on pages 178 to 182.

6 Auditor's Remuneration

For the year ended 31 December 2021, the Auditor(s) of the Company and its subsidiaries agreed to receive approximately HK$22 million for audit and audit related services (2020: HK$20 million) as well as approximately HK$7 million for non-audit services (2020: HK$6 million) covering tax services, corporate and advisory services and other reporting services. The remuneration of the Auditor(s) in respect of audit and non-audit services was reviewed by the Audit Committee.

7 Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in the Appendix 10 to the Listing Rules as the code for dealing in securities of the Company by the Directors (the "Model Code"). Having made specific enquiries, the Company confirmed that all Directors have complied with the required standards as set out in the Model Code.

8 Continuing Connected Transactions

The Independent Non-executive Directors have reviewed and the Auditor of the Company has reported on the continuing connected transactions as disclosed in the Report of the Directors of this Annual Report (the "Continuing Connected Transactions"). The Audit Department of the Company has reviewed the Continuing Connected Transactions together with the relevant internal controls and reported to the Independent Non-executive Directors of the Company that the Continuing Connected Transactions were conducted in accordance with the pricing mechanism under the relevant agreements.

9 Board Policies

The following as required by the Listing Rules or otherwise are the summaries of certain policies adopted by the Company:

(i) Inside Information Policy

The Inside Information Policy contains the guidelines to the directors, officers and all relevant employees (likely possessing the unpublished inside information) of the Group to ensure that the inside information of the Group is to be disseminated to public in equal and timely manner in accordance with the applicable laws and regulations.

(ii) Board Diversity Policy

The Board Diversity Policy provides that selection of candidates during nomination process will be based on a range of diversity perspectives. These perspectives include but not be limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

(iii) Nomination Policy

The Nomination Policy sets out the principles guiding the Nomination Committee to identify and evaluate a candidate for nomination to the Board for appointment or to the shareholders of the Company for election as a Director of the Company. The policy contains a number of factors to which the Nomination Committee has to adhere when considering nominations. These factors include the candidate's skills and experience, diversity perspectives set out in the Board Diversity Policy, the candidate's time commitment and integrity, and the independence criteria under Rule 3.13 of the Listing Rules if the candidate is proposed to be appointed as an Independent Non-executive Director. The policy also lays down the following nomination procedures: the Nomination Committee (a) will take appropriate measures to identify and evaluate a candidate; (b) may consider a candidate recommended or offered for nomination by a shareholder of the Company; and (c) will, on making the recommendation, submit the candidate's personal profile to the Board for consideration.

(iv) Dividend Policy

The Dividend Policy incorporates the guidelines for the Board to determine whether to pay a dividend and the level of such dividend to be paid. In general, it is the policy of the Company to allow its shareholders to participate in the Company's profits whilst retaining adequate reserves for future growth. Normally, the Company pays dividends twice a year, which are the interim dividend and final dividend. The Board may also declare special dividends in addition to such dividends as it considers appropriate. The policy also contains a number of factors for which the Board has to consider in determining the frequency, amount and form of any dividend in any financial year/period. The Board may also consider the issuance of bonus shares on a basis as permitted by the applicable laws and regulations.

(v) Anti-Money Laundering and Counter-Terrorist Financing Policy

The Anti-Money Laundering and Counter-Terrorist Financing Policy is in place to combat money laundering and terrorist financing activities, and formalise such procedures and systems. Compliance with the policy by operational departments is monitored and administered by the Audit Department.

(vi) Director and Employee Remuneration Policy

The Director and Employee Remuneration Policy sets out the general principles which guide the Group to deal with the remuneration matters. As a general principle, a fair market level of remuneration will be provided to retain and motivate high quality directors, senior management and employees, and attract experienced people of high calibre to oversee the business and development of the Group. Executive Directors' remuneration packages shall comprise fixed and variable components linking to individual and the Group's performance and comparable to major Hong Kong based companies with special emphasis on the real estate industry. As for Non-executive Directors, only fixed remuneration/fee shall be paid and be set at an appropriate level by reference to the relevant time commitment and the size and complexity of the Group and benchmarked against a peer group.

The full text of the above policies are available on the Company's website.

10 ESG and Sustainable Development

The Company is a founding constituent member of the Hang Seng Corporate Sustainability Index Series launched in July 2010.

A Sustainability Committee, previously named as Corporate Social Responsibility Committee, was formed in 2012 and chaired by Dr Lee Ka Shing with certain Directors and department heads as members to assist the Board in overseeing the corporate social responsibility and sustainability issues including the formulation and review of policies and strategy, compliance with regulatory requirements and evaluation of performance.

During the year, the Sustainability Committee held a meeting to review the policies, performance and strategies on sustainable development. To comply with the latest amendments to the Listing Rules on ESG matters and in view of the rising concerns in ESG issues, the Group newly adopted the Biodiversity Policy and Sustainable Procurement Policy and revised certain existing policies.

The written terms of reference of the Sustainability Committee, the ESG policies, as well as the sustainability strategy are available on the Company's website.

An overview of the Sustainability Report 2021 is set out on pages 104 to 125 of this Annual Report and the standalone Sustainability Report 2021 is available on the Company's website and HKEXnews website.

11 Internal Audit, Risk Management and Internal Controls

Internal Audit

The Board is responsible for ensuring sound and effective risk management and internal control systems to safeguard the shareholders' interests and the Company's assets.

The Audit Department of the Company, which reports directly to the Audit Committee and is independent of the Company's daily operations, is responsible for conducting regular audits on the major activities of the Company. Its objective is to ensure that all material controls, including financial, operational and compliance controls and risk management functions are in place and functioning effectively. It is also considered that the resources, staff qualifications and experience and training programmes are adequate.

Policies for Whistleblowing and Anti-corruption

The Company has established a system for employees and any person to report concerns about any suspected or actual improprieties relating to the Group and the relevant details are set out in the Business Ethics and Code of Business Conduct Policy. The Group will take appropriate actions against such improprieties and, where appropriate, report the cases to the relevant enforcement authorities.

Moreover, the Company has adopted the Anti-Corruption and Bribery Policy which provides guidance to our employees on how to recognize and deal with bribery and corruption. Every employee has a duty to report any potential violations of the policy to the Company through the channels set out therein.

Apart from the channels set out in the relevant policies, an email link has been set up in the webpage of the intranet of the Company for employees to express their opinions or concerns about the Group's operations directly to the Vice Chairman. In addition, the Company has provided a separate email link on its website, by which stakeholders can freely provide comments and suggestions on the operations of the Company so that proper actions can be taken to address issues being raised.

The reported cases, where necessary, will be escalated to the Whistleblowing Committee which is established specifically to deal with alleged improprieties reported by whistleblowers.

Risk Management and Internal Controls

The successful management of risks is essential for the long-term growth and sustainability of the Group's business. The Board is responsible for setting strategies, business objectives and risk appetite as well as ensuring a review of effectiveness of the risk management and internal control systems, and overseeing management in the design, implementation and monitoring of the risk management and internal control systems. Management staff of various departments of the Group have provided confirmations to the Board on the effectiveness of such systems.

Risk management is proactive to ensure that significant risks are:

- identified;
- assessed by considering the impacts and likelihoods of their occurrence; and
- effectively managed by identifying suitable controls and countermeasures, and assessing the cost effectiveness of the mitigating actions proposed.

(i) *Approach to Risk Management*

The risk management of the Group combines a top-down strategic view with a bottom-up operational process.

The Board, by the top-down approach, has a particular focus on determining the nature and extent of significant risks it is willing to take in achieving the strategic objectives of the Group.

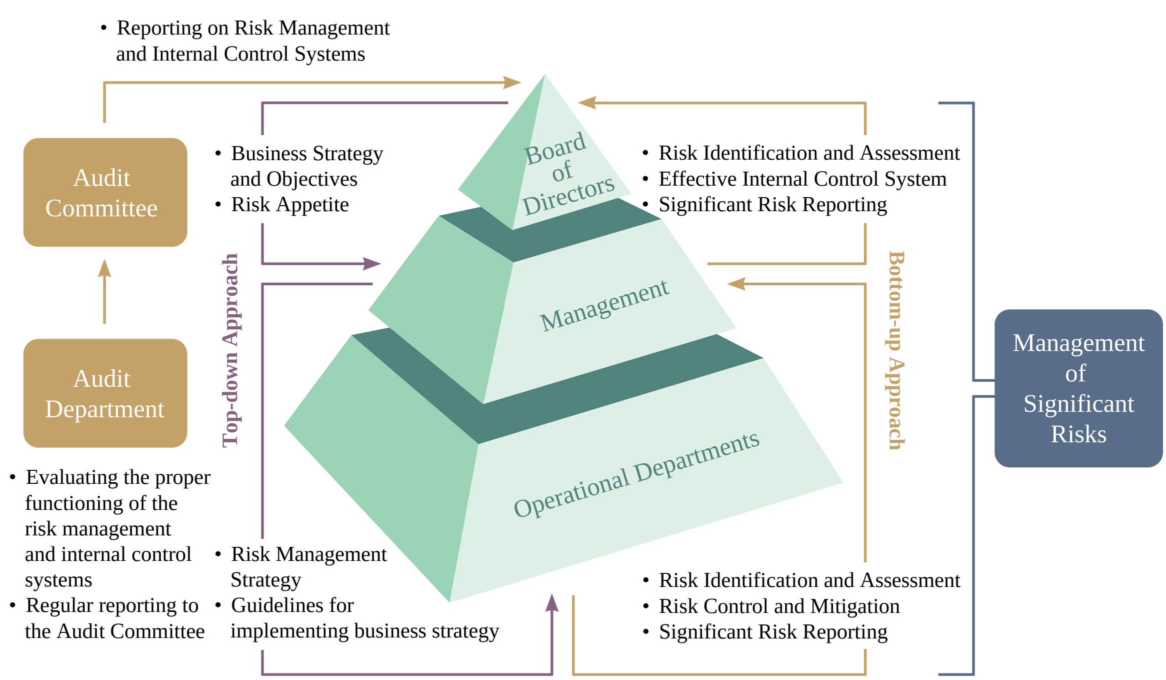
Each department of the Group is responsible for identifying its own risks and designing, implementing and monitoring the relevant risk management and internal control systems. The process involves the maintenance of risk register setting out the particulars of material risks together with the control measures as reported by significant departments of the Group. This bottom-up approach is embedded in the operations of the Group and complements the top-down strategic view by identifying the principal risks and ensuring the significant risks to be considered by the Board in determining the risk appetite.

The terms of reference of the Audit Committee include, among other things, the responsibility of reviewing the risk management and control systems. In addition, a risk management policy has been adopted to serve as a guideline for risk management and internal control systems and such policy is available on the Company's website.

(ii) *Risk Management Reporting and Framework*

The Audit Department performed audits to evaluate the proper functioning of the risk management and internal control systems for the financial year ended 31 December 2021. It is intended to carry out this evaluation process on an ongoing basis. The Audit Committee, after reviewing and considering the risk management findings submitted by the Audit Department, reported and confirmed to the Board that the risk management and internal control systems are effective and adequate.

The diagram below summarises the complementary top-down and bottom-up aspects of the integrated approach of the Group to risk management.



(iii) Significant Risks and Control/Mitigation

Certain significant risks have been identified through the process of risk identification and assessment. A summary on such significant risks of the Group together with the relevant internal control measures or mitigation in place is listed below:

(a) Regulatory and Compliance Risk

As a listed and a diversified property development and investment, construction and real estate developer company, the Group is exposed to and subject to extensive government policies and regulations of mainland China and Hong Kong. These include the Companies Ordinance, financial and tax legislations, Residential Properties (First-hand Sales) Ordinance, new property control measures by the central and/or local government authorities in the mainland China and construction legislations and regulations, as well as the Listing Rules in Hong Kong.

Any non-compliance with these policies and regulations may cause damage to the Group, delay its project development and affect its ability to deliver its primary objectives.

The Group is committed to complying with the relevant policies, regulations and guidelines applicable to its operations through developing internal guidelines, frequent staff trainings, sufficient time for review process, compliance handling by experienced and professional staff as well as by consultancy with external experts.

(b) Economic Risk

The Group is dependent on the regional economic conditions in which the Group is active. Global economic uncertainty, prospect of interest rates fluctuation, and slowdown of the economic growth in mainland China and Hong Kong resulting from the China-US trade war, international situation and coronavirus outbreak (COVID-19) might affect the Group's business.

The Group reviews and optimises its asset portfolio to ensure that it is sufficiently cost effective and efficient. The risk of adverse economic conditions is managed by ensuring proper monitoring of the business performance, and constant assessment of economic conditions and the appropriateness of the prevailing investment and business strategy.

(c) Market Risk

The Group operates in areas that are highly competitive, and failure to compete effectively in terms of price, product quality and specification or levels of service can have an adverse impact on the Group's results. The market demand and supply condition is also one of the significant factors impacting the Group's performance.

The Group manages market risks by keeping track of the property market conditions, strengthening its brand names and product quality, and setting sales strategies commensurate with the market demand.

(d) *Financial Risk*

An effective and sound financial management system is essential to the Group's operations. The Group may be exposed and impacted by factors such as shortage of fund flow, increase in costs of funding and currency fluctuation.

The Group's finance team is embedded within the Group to provide financial management support by monitoring the financial market conditions and setting an appropriate financial strategy. The Group maintains an open and proactive relationship with the banking community, arranges different terms of loan facilities from different sources with different tenures and ensures continuous assessment of counterparty risks.

(e) *Image/Reputation Risk*

The Group's reputation is one of its most valuable assets, playing a major part in the continued success of the business. The image of the Group may be affected by delayed handover of residential units and quality issues.

The Group is committed to employing, training, developing and retaining a diverse and talented workforce to cope with potential complaints and ensuring proper quality delivery. The Group frequently organises brand name promotion events and maintains good public relations.

(f) *Sales, Leasing, Construction and Property Development Risk*

The Group continues to develop its well-planned property development and construction projects. Various measures have been well established to ensure that the development projects are built with high quality standards, on time and within budget.

Whilst the Group ensures that strong management controls are in place and monitoring systems are enforced, it has occasionally encountered increases in development and selling costs, delays in property development, contractors' incapability and contract disputes. The COVID-19 outbreak might have effect on the Group's overall business operations.

(g) *Cyber Security Risk*

The Group continues to monitor and improve risk management in cyber security and information technology development. The Group manages the risks by employing experienced information technology personnel and/or engaging the services of external cyber security consultants to improve the system controls.

(h) *Outbreak of COVID-19*

The COVID-19 pandemic causes potential risks to staff's health and the society, and it might affect the group's operation and profit.

The Group manages this risk by closely monitoring and complying with the Government's regulations and measures. The Group also exercises the business continuity plan and preventive measures, such as work from home, health-check measures and hygiene control in the workplace, and takes prompt responses to prevent the spread of virus.

(i) *ESG Risk*

ESG Risk is embedded in our risk management process. A Sustainability Committee led by senior management has established clear sustainability strategies and coverage as well as performs on-going monitoring. The Group has engaged external consultants to provide professional advice.

12 Company Secretary

The Company Secretary is to support the Board by ensuring that there is good information flow and the board policies and procedures are strictly followed. The Company Secretary is responsible for advising the Board on governance matters and also facilitating the induction and professional development of Directors.

During the year, the Company Secretary took no less than 15 hours of the relevant professional training.

13 Articles of Association

For the purpose of providing flexibility to the Company in relation to the conduct of general meetings, the Company's shareholders passed a special resolution on 1 June 2021 to adopt a new set of Articles which allow general meetings to be held as a hybrid meeting where shareholders may attend by electronic means in addition to as a physical meeting where shareholders attend in person. Details of the major amendments brought about by the adoption of the new Articles are set out in the Company's circular dated 26 April 2021. The Articles is available on the Company's website.

14 Shareholder Rights and Investor Relations

The Board is committed to promoting effective communications with shareholders and providing timely disclosure of information concerning the Group's material developments to shareholders and investors.

(i) Shareholders' Rights

The AGM of the Company provides a forum for communication between shareholders and the Board. The notice of the AGM is despatched to all shareholders at least 20 clear business days prior to such AGM. The Chairmen of all Board Committees are invited to attend the AGM. The Chairmen of the Board and the Chairmen of all the Board Committees, or in their absence, other members of the respective Committees, are available to answer questions at the AGM. The Auditor is also invited to attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor's independence. The Company's policy is to involve shareholders in the Company's affairs and to communicate with them about the activities and prospects face-to-face at the AGM.

Pursuant to the Listing Rules, any vote of shareholders at a general meeting will be taken by poll. Detailed procedures for conducting a poll will be explained to the shareholders at the general meeting to ensure that shareholders are familiar with such voting procedures. The poll results will be posted on the websites of The Stock Exchange of Hong Kong Limited and the Company on the day of the general meeting. Moreover, separate resolution will be proposed by the chairman of a general meeting in respect of each substantially separate issue.

Under Section 566 of the Companies Ordinance, shareholders representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings are entitled to send a request to the Company to convene a general meeting. Such requisition must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. The request may be sent to the Company in hard copy form or in electronic form and must be authenticated by the shareholder(s) making it and deposited at the registered office of the Company or sent to the Company's email address at ir@hld.com. Besides, in relation to an annual general meeting which a company is required to hold, Sections 615 and 616 of the Companies Ordinance provide that shareholders representing at least 2.5% of the total voting rights of all shareholders of the company having a right to vote on the resolution at the annual general meeting or at least 50 shareholders having a right to vote on the resolution at the annual general meeting, may request the company to circulate a notice of the resolution for consideration at the annual general meeting, by sending a request, which must be authenticated by the shareholder(s) making it, in a hard copy form or in electronic form. Such request must be deposited at the registered office of the Company or sent to the Company's email address at ir@hld.com. The request made under Section 615 must also identify the resolution of which notice is to be given and be received by the Company not later than six weeks before the AGM to which the request relates, or if later, the time at which notice is given of the AGM.

(ii) *Shareholders' Communication Policy*

The Company has maintained a Shareholders' Communication Policy which aims at promoting effective communication with the Company's shareholders and enabling them to exercise their rights in an informed manner. It is the Company's general policy to maintain an on-going dialogue with shareholders and the investment community, including the Company's potential investors and analysts. Designated senior management maintains regular communication and dialogue with shareholders, investors and analysts. A meeting with analysts will be held after the announcement of interim or annual results which strengthens the communication with investors. Enquiries from investors are dealt with in an informative and timely manner.

The Company also ensures effective and timely dissemination of information to shareholders and the investment community. As a channel to further promote effective communication, the Group maintains a website at www.hld.com where the Company's announcements and press releases, business developments and operations, financial information, corporate governance report and other information are posted.

The full text of the Shareholders' Communication Policy, which is available on the Company's website, included channels for shareholders to communicate their views on various matters affecting the Company. In particular, shareholders may make enquiries to the Company through the Company's Investor Relations on telephone number (852) 2908 8392 or by email at ir@hld.com or directly by raising questions at general meetings.

Report of the Directors

The Directors have pleasure in submitting to shareholders their annual report together with the audited financial statements for the year ended 31 December 2021.

Principal Activities

The Company is an investment holding company and the principal activities of its subsidiaries during the year were property development and investment, construction, project management, property management, finance, hotel operation, department store operation and investment holding.

An analysis of the Group's revenue and contribution from operations by business and geographical segments is set out in note 15 to the financial statements on pages 251 to 256.

Business Review

A review of the business of the Group during the year and a discussion on the Group's future business development are provided in the Chairmen's Statement and Review of Operations on pages 10 to 85 of this Annual Report. Possible risks and uncertainties that the Group may be facing are set out in the Financial Review on pages 88 to 101 and the Corporate Governance Report on pages 126 to 146. Particulars of important events affecting the Group since the end of the financial year (if any) are provided in the Chairmen's Statement on pages 10 to 45 and note 45 to the financial statements on page 295. An analysis of the Group's performance during the year using financial key performance indicators is provided in the Five Year Financial Summary on pages 102 and 103 of this Annual Report. An environmental policy of the Group has been put in place to give due consideration to environmental issues and minimise the impact of business operations of the Group on environment. In addition, discussions on the Group's environmental policy and relationships with employees, customers, suppliers and other stakeholders are contained in the Sustainability and the Corporate Governance Report on pages 104 to 125 and pages 126 to 146 of this Annual Report respectively as well as the standalone Sustainability Report. The Chairmen's Statement, the Review of Operations, the Financial Review, the Sustainability and the Corporate Governance Report form part of this report.

The Residential Properties (First-hand Sales) Ordinance (Cap. 621) ("RPFSO") regulates the sales and marketing activities in relation to the first-hand residential properties in Hong Kong, with a view to enhancing the transparency, fairness and consumer protection of the sales of first-hand residential properties. The Group takes particular care to comply with the requirements of the RPFSO through established internal procedures, as well as by engaging external professional advisors including architects, surveyors and solicitors in the checking of the accuracy of the information contained in sales brochures and other relevant documents made available to the public in connection with such sales.

The Group is also committed to safeguarding the security and proper use of personal data. When collecting, processing and using such data in the course of leasing, sale and marketing of properties, the Group complies with the Personal Data (Privacy) Ordinance (Cap. 486) and the guidelines issued by the Office of the Privacy Commissioner for Personal Data from time to time, with a view to protecting the privacy of, amongst others, the purchasers of its properties, in relation to personal data under its management.

In addition, the Group observes the requirements of trademarks, copyrights and other intellectual properties by obtaining the trademark and copyright owners' consent before the use of their products and artworks for the sale promotion of residential units. For the proper use and the protection of the Group's interests, chosen prestige brand names and chosen property names are registered under the Trade Marks Ordinance (Cap. 559) in Hong Kong. Moreover, in order to protect some of our inventions and chosen inventions made by our consultants, the Group applies, from time to time, for patents for the said inventions under the Patents Ordinance (Cap. 514) in Hong Kong.

The Company has complied with the requirements under the Companies Ordinance (Cap. 622), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Securities and Futures Ordinance (Cap. 571) for, among other things, the disclosure of information and corporate governance. The Company has also adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules as the code of dealing in securities of the Company by the Directors.

In operating its businesses in mainland China, the Group has complied with all applicable laws, regulations and related legislation currently in effect, including but not limited to the Company Law, Environmental Protection Law, Labour Law, regulations in relation to natural resources protection and pollution prevention, etc. So far, no particular laws and regulations materially impact on the Group's businesses in mainland China in their ordinary course of operations.

Subsidiaries

Particulars of the principal subsidiaries of the Company as at 31 December 2021 are set out on pages 296 to 302.

Group Profit

The profit of the Group for the year ended 31 December 2021 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 183 to 304.

Dividends

An interim dividend of HK$0.50 per share was paid on 16 September 2021. The Directors have recommended the payment of a final dividend of HK$1.30 per share to shareholders whose names appear on the Register of Members of the Company on Friday, 10 June 2022, and such final dividend will not be subject to any withholding tax in Hong Kong.

The proposed final dividend is expected to be distributed to shareholders on Tuesday, 21 June 2022.

Charitable Donations

Charitable donations made by the Group during the year amounted to HK$35,000,000 (2020: HK$ 24,000,000).

Investment Properties and Other Property, Plant and Equipment

Particulars of the movements in investment properties and other property, plant and equipment during the year are set out in note 16 to the financial statements on pages 257 to 263.

Bank Loans, Guaranteed Notes and Medium Term Note Programme

Particulars of bank loans, Guaranteed Notes and Medium Term Note Programme of the Group as at 31 December 2021 are set out in notes 32 and 33 to the financial statements on pages 283 and 284.

Interest Capitalised

The amount of interest capitalised by the Group during the year ended 31 December 2021 is set out in note 8(a) to the financial statements on page 238.

Reserves

Particulars of the movements in reserves of the Company during the year ended 31 December 2021 are set out in note 44(b) to the financial statements on page 294.

Share Capital

Details of the Company's share capital are set out in note 44(c) to the financial statements on page 295. There were no movements during the year.

Group Financial Summary

The results, assets and liabilities of the Group for the last five years ended 31 December 2021 are summarised on pages 102 and 103.

Development and Investment Properties

Particulars of development and investment properties of the Group are set out on pages 46 to 85.

Directors' Emoluments

Particulars of the Directors' emoluments disclosed pursuant to the Companies Ordinance (Cap. 622) and Appendix 16 of the Listing Rules are set out in note 9 to the financial statements on pages 240 to 242.

Directors

The Directors of the Company during the financial year and up to the date of this report were:

Executive Directors	Non-executive Directors	Independent Non-executive Directors
Dr Lee Ka Kit *(Chairman and Managing Director)*	Lee Tat Man	Kwong Che Keung, Gordon
Dr Lee Ka Shing *(Chairman and Managing Director)*	Lee Pui Ling, Angelina	Professor Ko Ping Keung
Dr Lam Ko Yin, Colin *(Vice Chairman)*		Wu King Cheong
Dr Lee Shau Kee		Woo Ka Biu, Jackson
Yip Ying Chee, John		Professor Poon Chung Kwong
Fung Lee Woon King		Au Siu Kee, Alexander
Kwok Ping Ho		
Suen Kwok Lam		
Wong Ho Ming, Augustine		
Fung Hau Chung, Andrew		

Mr Kwok Ping Ho, Mr Wong Ho Ming, Augustine, Mr Lee Tat Man, Mr Kwong Che Keung, Gordon, Mr Wu King Cheong and Mr Au Siu Kee, Alexander shall retire by rotation at the forthcoming annual general meeting in accordance with Article 116 of the Company's Articles of Association and the Corporate Governance Code and, except for Mr Lee Tat Man, have offered themselves for re-election.

The list of directors of the subsidiaries of the Company during the financial year and up to the date of this report is kept at the Company's registered office and available for inspection by the Company's shareholders during office hours.

Disclosure of Interests

Directors' Interests in Shares

As at 31 December 2021, the interests and short positions of each Director of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Ordinary Shares *(unless otherwise specified)*

Long Positions

Name of Company	Name of Director	Note	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	% Interest
Henderson Land Development Company Limited	Lee Shau Kee	1	15,548,667		3,509,782,778		3,525,331,445	72.82
	Lee Ka Kit	1				3,509,782,778	3,509,782,778	72.50
	Lee Ka Shing	1				3,509,782,778	3,509,782,778	72.50
	Lee Tat Man	2	220,299				220,299	0.00
	Lee Pui Ling, Angelina	3	64,554				64,554	0.00
	Fung Lee Woon King	4	2,493,138				2,493,138	0.05
	Woo Ka Biu, Jackson	5		3,896			3,896	0.00
Henderson Investment Limited	Lee Shau Kee	6			2,110,868,943		2,110,868,943	69.27
	Lee Ka Kit	6				2,110,868,943	2,110,868,943	69.27
	Lee Ka Shing	6				2,110,868,943	2,110,868,943	69.27
	Lee Tat Man	2	6,666				6,666	0.00
The Hong Kong and China Gas Company Limited	Lee Shau Kee	7			7,748,692,715		7,748,692,715	41.53
	Lee Ka Kit	7				7,748,692,715	7,748,692,715	41.53
	Lee Ka Shing	7				7,748,692,715	7,748,692,715	41.53
	Poon Chung Kwong	8				243,085	243,085	0.00
Hong Kong Ferry (Holdings) Company Limited	Lee Shau Kee	9	799,220		119,017,090		119,816,310	33.63
	Lee Ka Kit	9				119,017,090	119,017,090	33.41
	Lee Ka Shing	9				119,017,090	119,017,090	33.41
	Lam Ko Yin, Colin	10	150,000				150,000	0.04
	Fung Lee Woon King	4	465,100				465,100	0.13
Miramar Hotel and Investment Company, Limited	Lee Shau Kee	11			345,999,980		345,999,980	50.08
	Lee Ka Kit	11				345,999,980	345,999,980	50.08
	Lee Ka Shing	11				345,999,980	345,999,980	50.08
Towngas Smart Energy Company Limited (formerly known as Towngas China Company Limited)	Lee Shau Kee	12			2,084,895,656		2,084,895,656	65.98
	Lee Ka Kit	12				2,084,895,656	2,084,895,656	65.98
	Lee Ka Shing	12				2,084,895,656	2,084,895,656	65.98

***Ordinary Shares** (unless otherwise specified) (continued)*

Long Positions

Name of Company	Name of Director	Note	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	% Interest
Henderson Development Limited	Lee Shau Kee	13			8,190 (Ordinary A Shares)		8,190 (Ordinary A Shares)	100.00
	Lee Shau Kee	13			3,510 (Non-voting B Shares)		3,510 (Non-voting B Shares)	100.00
	Lee Shau Kee	14	35,000,000 (Non-voting Deferred Shares)		15,000,000 (Non-voting Deferred Shares)		50,000,000 (Non-voting Deferred Shares)	100.00
	Lee Ka Kit	13				8,190 (Ordinary A Shares)	8,190 (Ordinary A Shares)	100.00
	Lee Ka Kit	13				3,510 (Non-voting B Shares)	3,510 (Non-voting B Shares)	100.00
	Lee Ka Kit	14				15,000,000 (Non-voting Deferred Shares)	15,000,000 (Non-voting Deferred Shares)	30.00
	Lee Ka Shing	13				8,190 (Ordinary A Shares)	8,190 (Ordinary A Shares)	100.00
	Lee Ka Shing	13				3,510 (Non-voting B Shares)	3,510 (Non-voting B Shares)	100.00
	Lee Ka Shing	14				15,000,000 (Non-voting Deferred Shares)	15,000,000 (Non-voting Deferred Shares)	30.00
Best Homes Limited	Lee Shau Kee	15			26,000		26,000	100.00
	Lee Ka Kit	15				26,000	26,000	100.00
	Lee Ka Shing	15				26,000	26,000	100.00
Feswin Investment Limited	Lee Ka Kit	16			5,000	5,000	10,000	100.00
Fordley Investment Limited	Fung Lee Woon King	4	2,000				2,000	20.00

***Ordinary Shares** (unless otherwise specified) (continued)*

Long Positions

Name of Company	Name of Director	Note	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	% Interest
Furnline Limited	Lee Shau Kee	17			100 (A Shares)		100 (A Shares)	100.00
	Lee Shau Kee	18			1 (B Share)		1 (B Share)	100.00
	Lee Ka Kit	17				100 (A Shares)	100 (A Shares)	100.00
	Lee Ka Kit	18				1 (B Share)	1 (B Share)	100.00
	Lee Ka Shing	17				100 (A Shares)	100 (A Shares)	100.00
	Lee Ka Shing	18				1 (B Share)	1 (B Share)	100.00
Perfect Bright Properties Inc.	Lee Shau Kee	17			100 (A Shares)		100 (A Shares)	100.00
	Lee Shau Kee	18			1 (B Share)		1 (B Share)	100.00
	Lee Ka Kit	17				100 (A Shares)	100 (A Shares)	100.00
	Lee Ka Kit	18				1 (B Share)	1 (B Share)	100.00
	Lee Ka Shing	17				100 (A Shares)	100 (A Shares)	100.00
	Lee Ka Shing	18				1 (B Share)	1 (B Share)	100.00

Save as disclosed above, none of the Directors or the Chief Executive of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations as defined in the SFO, other than the deemed interests of Dr Lee Shau Kee, Dr Lee Ka Kit and Dr Lee Ka Shing in the shares, underlying shares and debentures of the unlisted associated corporations of the Company which are solely derived from their deemed interests in Henderson Development Limited, Henderson Investment Limited, Miramar Hotel and Investment Company, Limited and/or the Company and not from any separate personal interests of their own, in respect of which a waiver from strict compliance with the disclosure requirements under paragraph 13 of Appendix 16 to the Listing Rules has been applied to, and granted by the Stock Exchange.

Substantial Shareholders' and Others' Interests

As at 31 December 2021, the interests and short positions of every person, other than Directors of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long Positions

	No. of shares in which interested	% Interest
Substantial Shareholders		
Rimmer (Cayman) Limited (Note 1)	3,509,782,778	72.50
Riddick (Cayman) Limited (Note 1)	3,509,782,778	72.50
Hopkins (Cayman) Limited (Note 1)	3,509,782,778	72.50
Henderson Development Limited (Note 1)	3,506,860,733	72.44
Yamina Investment Limited (Note 1)	1,580,269,966	32.64
Believegood Limited (Note 1)	797,887,933	16.48
South Base Limited (Note 1)	797,887,933	16.48
Persons other than Substantial Shareholders		
Cameron Enterprise Inc. (Note 1)	371,145,414	7.67
Richbond Investment Limited (Note 1)	475,801,899	9.83

Notes:

1. *Of these shares, Dr Lee Shau Kee was the beneficial owner of 15,548,667 shares, and for the remaining 3,509,782,778 shares, (i) 1,450,788,868 shares were owned by Henderson Development Limited ("HD"); (ii) 475,801,899 shares were owned by Richbond Investment Limited which was a wholly-owned subsidiary of HD; (iii) 371,145,414 shares were owned by Cameron Enterprise Inc.; 797,887,933 shares were owned by Believegood Limited which was wholly-owned by South Base Limited; 152,897,653 shares were owned by Prosglass Investment Limited which was wholly-owned by Jayasia Investments Limited; 140,691,961 shares were owned by Fancy Eye Limited which was wholly-owned by Mei Yu Ltd.; 117,647,005 shares were owned by Spreadral Limited which was wholly-owned by World Crest Ltd.; and Cameron Enterprise Inc., South Base Limited, Jayasia Investments Limited, Mei Yu Ltd. and World Crest Ltd. were wholly-owned subsidiaries of Yamina Investment Limited which in turn was 100% held by HD; and (iv) 2,922,045 shares were owned by Fu Sang Company Limited ("Fu Sang"). Hopkins (Cayman) Limited ("Hopkins") as trustee of a unit trust (the "Unit Trust") owned all the issued ordinary shares of HD and Fu Sang. Rimmer (Cayman) Limited ("Rimmer") and Riddick (Cayman) Limited ("Riddick"), as trustees of respective discretionary trusts, held units in the Unit Trust. The entire issued share capital of Hopkins, Rimmer and Riddick were owned by Dr Lee Shau Kee. Dr Lee Shau Kee was taken to be interested in these shares by virtue of the SFO. As Directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Dr Lee Ka Kit and Dr Lee Ka Shing were taken to be interested in these shares by virtue of the SFO.*

2. *Mr Lee Tat Man was the beneficial owner of these shares.*

3. *Mrs Lee Pui Ling, Angelina was the beneficial owner of these shares.*

4. *Madam Fung Lee Woon King was the beneficial owner of these shares.*

5. *These shares were owned by the wife of Mr Woo Ka Biu, Jackson.*

6. *Of these shares, 843,249,284 shares, 602,398,418 shares, 363,328,900 shares, 217,250,000 shares and 84,642,341 shares were respectively owned by Banshing Investment Limited, Markshing Investment Limited, Covite Investment Limited, Gainwise Investment Limited and Darnman Investment Limited, all of which were wholly-owned subsidiaries of Kingslee S.A. which in turn was 100% held by the Company. Dr Lee Shau Kee was taken to be interested in the Company as set out in Note 1 and Henderson Investment Limited by virtue of the SFO. As Directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Dr Lee Ka Kit and Dr Lee Ka Shing were taken to be interested in these shares by virtue of the SFO.*

7. *Of these shares, 4,313,717,809 shares and 1,675,475,274 shares were respectively owned by Disralei Investment Limited and Medley Investment Limited, both of which were wholly-owned subsidiaries of Timpani Investments Limited; 1,759,499,632 shares were owned by Macrostar Investment Limited, a wholly-owned subsidiary of Chelco Investment Limited; and Timpani Investments Limited and Chelco Investment Limited were wholly-owned subsidiaries of Faxson Investment Limited which in turn was 100% held by the Company. Dr Lee Shau Kee was taken to be interested in the Company as set out in Note 1 and The Hong Kong and China Gas Company Limited ("HKCG") by virtue of the SFO. As Directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Dr Lee Ka Kit and Dr Lee Ka Shing were taken to be interested in these shares by virtue of the SFO.*

8. *These shares were owned by Professor Poon Chung Kwong and his wife jointly.*

9. *Of these shares, Dr Lee Shau Kee was the beneficial owner of 799,220 shares, and for the remaining 119,017,090 shares, 48,817,090 shares were held by Wiselin Investment Limited, 23,400,000 shares each were respectively owned by Graf Investment Limited, Mount Sherpa Limited and Paillard Investment Limited, all of which were wholly-owned subsidiaries of Pataca Enterprises Limited which in turn was 100% held by the Company. Dr Lee Shau Kee was taken to be interested in the Company as set out in Note 1 and Hong Kong Ferry (Holdings) Company Limited by virtue of the SFO. As Directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Dr Lee Ka Kit and Dr Lee Ka Shing were taken to be interested in these shares by virtue of the SFO.*

10. *Dr Lam Ko Yin, Colin was the beneficial owner of these shares.*

11. *Of these shares, 120,735,300 shares, 128,658,680 shares and 96,606,000 shares were respectively owned by Higgins Holdings Limited, Multiglade Holdings Limited and Threadwell Limited, all of which were wholly-owned subsidiaries of Aynbury Investments Limited which in turn was 100% held by the Company. Dr Lee Shau Kee was taken to be interested in the Company as set out in Note 1 and Miramar Hotel and Investment Company, Limited by virtue of the SFO. As Directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Dr Lee Ka Kit and Dr Lee Ka Shing were taken to be interested in these shares by virtue of the SFO.*

12. *These shares representing 65.98% of the total issued shares in Towngas Smart Energy Company Limited were taken to be interested by Hong Kong & China Gas (China) Limited (as to 1,905,302,051 shares), Planwise Properties Limited (as to 176,588,786 shares) and Superfun Enterprises Limited (as to 3,004,819 shares), all being wholly-owned subsidiaries of HKCG. Dr Lee Shau Kee was taken to be interested in HKCG as set out in Note 7 and Towngas Smart Energy Company Limited by virtue of the SFO. As Directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Dr Lee Ka Kit and Dr Lee Ka Shing were taken to be interested in these shares by virtue of the SFO.*

13. *These shares were held by Hopkins as trustee of the Unit Trust.*

14. *Of these shares, Dr Lee Shau Kee was the beneficial owner of 35,000,000 shares, and Fu Sang owned the remaining 15,000,000 shares.*

15. *Of these shares, (i) 10,400 shares were owned by the Company; and (ii) 15,600 shares were owned by Manifest Investments Limited which was 100% held by HD.*

16. *Of these shares, (i) 5,000 shares were owned by Applecross Limited which was wholly-owned by Dr Lee Ka Kit; and (ii) 5,000 shares were owned by Henderson (China) Investment Company Limited, a wholly-owned subsidiary of Andcoe Limited which was wholly-owned by Henderson China Holdings Limited, an indirect wholly-owned subsidiary of the Company.*

17. *These shares were owned by Jetwin International Limited. Triton (Cayman) Limited as trustee of a unit trust owned all the issued share capital of Jetwin International Limited. Triumph (Cayman) Limited and Victory (Cayman) Limited, as trustees of respective discretionary trusts, held units in the unit trust. The entire share capital of Triton (Cayman) Limited, Triumph (Cayman) Limited and Victory (Cayman) Limited were owned by Dr Lee Shau Kee who was taken to be interested in such shares by virtue of the SFO. As Directors of the Company and discretionary beneficiaries of the discretionary trusts holding units in such unit trust, Dr Lee Ka Kit and Dr Lee Ka Shing were taken to be interested in such shares by virtue of the SFO.*

18. *This share was owned by Sunnice Investment Limited, a wholly-owned subsidiary of Profit Best Development Limited which in turn was wholly-owned by the Company.*

Share Option Schemes

The Company and its subsidiaries have no share option schemes.

Arrangements to Purchase Shares or Debentures

At no time during the year ended 31 December 2021 was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Equity-linked Agreements

No equity-linked agreements entered into by the Company were subsisting as at 31 December 2021 and the Company did not enter into any equity-linked agreements during the year under review.

Interests in Transactions, Arrangements or Contracts and Connected Transactions/Continuing Connected Transactions

During the year under review, the Group had the transactions, arrangements and contracts as described below with persons who are "connected persons" for the purposes of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"):

(1) Henderson Finance Company Limited, a wholly-owned subsidiary of Henderson Development Limited, made unsecured advances from time to time to subsidiaries of the Company up to a maximum aggregate sum of approximately HK$59,876 million during the year, with interest chargeable on the balances outstanding from time to time by reference to HIBOR quoted by banks. As at 31 December 2021, the aggregate sum owing by subsidiaries of the Company to Henderson Finance Company Limited amounted to approximately HK$53,710 million, which has been included in the financial statements under "Amount due to a fellow subsidiary".

Dr Lee Shau Kee, Dr Lee Ka Kit and Dr Lee Ka Shing were taken to be interested in the transactions, arrangements and contracts referred to in the above as directors of the Company's ultimate holding company, Henderson Development Limited (and as more particularly described in the section "Disclosure of Interests" above) with respect to their interests in Henderson Development Limited or the trust.

(2) The Company had the following continuing connected transactions, each of which, as disclosed by way of announcement, was subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules:

Transactions entered into with Sunlight Real Estate Investment Trust ("Sunlight REIT")

Sunlight REIT being a trust in accordance with the Code on Real Estate Investment Trusts issued by the Securities and Futures Commission of Hong Kong ("REIT Code") was regarded by the Stock Exchange as a connected person of the Company under the Listing Rules so long as the aggregate percentage unitholdings in Sunlight REIT held by the Group and the Shau Kee Financial Enterprises Limited group ("SKFE Group") (controlled by a family trust of Dr Lee Shau Kee, Director of the Company) is above 30%. Accordingly, the transactions between the Group and Sunlight REIT group constitute connected transactions of the Company under the Listing Rules.

As disclosed in the announcement dated 31 March 2021 (the “2021 Announcement”), fresh annual cap amounts in respect of each of the three financial years ending up to 31 December 2024 were set for the continuing connected transactions between the Group and Sunlight REIT group contemplated under the following agreements/deeds:

(a) a property management agreement dated 29 November 2006 was entered into between Henderson Sunlight Asset Management Limited (“HSAM”), a wholly-owned subsidiary of the Company, as manager of Sunlight REIT, and Henderson Sunlight Property Management Limited (the “Property Manager”), a wholly-owned subsidiary of the Company, as property manager of the Sunlight REIT, and the property holding companies under the Sunlight REIT group had also subsequently acceded thereto. The property management agreement was thereafter supplemented by five supplemental agreements dated 28 April 2009, 25 June 2012, 12 May 2015, 15 May 2018 and 31 March 2021 respectively. The agreement related to the provision of certain property management and lease management as well as marketing services in respect of the properties of Sunlight REIT at a fee of not exceeding 3% per annum of the gross property revenue of the relevant properties of Sunlight REIT plus a commission on the base rent or licence fee for a tenancy or a licence secured. By the last supplemental agreement entered into between HSAM and the Property Manager, the term of the appointment of the Property Manager for the provision of the said property related management services (the “Property Management Transactions”) has been extended to 30 June 2024;

(b) a trust deed dated 26 May 2006 (as supplemented by supplemental deeds dated 1 June 2006, 28 November 2006, 28 April 2009, 23 July 2010, 30 April 2012 and 16 March 2015, and as subsequently amended and restated to consolidate the above supplemental deeds and other amendments which took effect on 10 May 2021) was entered into between Uplite Limited, a subsidiary of SKFE Group, as settlor, HSAM as manager, and HSBC Institutional Trust Services (Asia) Limited as trustee in respect of, among other things, the appointment of HSAM as the manager of Sunlight REIT for the management and operation of Sunlight REIT at a base fee not exceeding 0.4% per annum of the property values of Sunlight REIT for the relevant financial year and a variable fee of 3% per annum of the relevant net property income and share of profits of joint venture entities (if any) of Sunlight REIT payable in the form of cash and/or Sunlight REIT units as HSAM may elect. HSAM is also entitled to an acquisition fee in respect of acquisition of real estate by Sunlight REIT, and a divestment fee in respect of any real estate sold or divested by Sunlight REIT (where applicable) and certain reimbursement (the “Asset Management Transactions”); and

(c) a master services agreement dated 31 March 2021 for a term of three years from 1 July 2021 to 30 June 2024 was entered into between the Company and HSAM, as manager of Sunlight REIT, in relation to the provision of security services and other property related ancillary services in respect of the properties of Sunlight REIT by the Group to the Sunlight REIT group. With respect to the services to be provided by the Group to the Sunlight REIT group under the master services agreement, the Company and its subsidiaries and associates (excluding the Sunlight REIT group) and the relevant members of the Sunlight REIT group shall enter into separate definitive services agreement(s) setting out the detailed terms (including the fee and the payment terms). Details of such services agreements entered into or subsisted during the year under review are as follows:

    (i) a security services contract dated 30 January 2019 in respect of a property located at Sheung Wan (the “2019 Security Services Contract”) for a term of 24 months commencing on 1 July 2019 at a monthly service fee of approximately HK$49,000 for the first 12 months ended on 1 July 2020 and approximately HK$51,000 (which was subsequently adjusted to approximately HK$50,000) for the remaining term ended on 1 July 2021;

(ii) a security services contract dated 9 April 2021 to renew the 2019 Security Services Contract for a further term of 24 months commencing on 1 July 2021 at a monthly service fee of approximately HK$50,000;

(iii) a services contract dated 11 March 2019 to renew a security services contract in respect of two properties located at Wanchai for a term of 24 months commencing on 1 July 2019 at a monthly service fee of approximately HK$247,000 for the first 12 months ended on 1 July 2020 and approximately HK$258,000 (which was subsequently adjusted to approximately HK$253,000) for the remaining term ended on 1 July 2021; and

(iv) numerous short-term security services and related contracts for periods ranging from days to several months in respect of certain properties owned by Sunlight REIT were entered into during the year under review (together with the transactions set out in items (i) to (iii) above, collectively referred to as the "Property Related Ancillary Services Transactions").

The maximum aggregate sums to be paid by the Sunlight REIT group to the Group under the Property Management Transactions, the Asset Management Transactions and the Property Related Ancillary Services Transactions will not exceed the following:

Financial year ended 31 December 2021 (HK$ million)	Financial year ending 31 December 2022 (HK$ million)	Financial year ending 31 December 2023 (HK$ million)	Financial year ending 31 December 2024 (HK$ million)
241	228.8	248.8	268.8

For the year ended 31 December 2021, the Group received approximately HK$47,638,000 for the Property Management Transactions, approximately HK$91,914,000 for the Asset Management Transactions and approximately HK$2,149,000 for the Property Related Ancillary Services Transactions which in aggregate amounted to approximately HK$141,701,000 (collectively the "Sunlight REIT Transactions").

Transactions entered into with Union Medical Centre Limited ("Union Medical")

As disclosed in the announcement dated 10 June 2020, Smart Bright Development Limited ("Smart Bright", a wholly-owned subsidiary of the Company) as licensor/landlord (by itself or through its agent, Henderson Leasing Agency Limited) entered into certain licences and tenancy agreements with Union Medical (trading as Union Hospital) as licensee/tenant in relation to the licensing/leasing of certain premises located at H Zentre, No. 15 Middle Road, Tsim Sha Tsui, Kowloon, Hong Kong ("H Zentre").

As Dr Lee Shau Kee is a Director and a deemed controlling shareholder of the Company, and Union Medical is a company ultimately controlled by the private family trusts of Dr Lee Shau Kee, Union Medical is a connected person of the Company under the Listing Rules. Accordingly, the licences and tenancy agreements set out below between Smart Bright as licensor/landlord and Union Medical as licensee/tenant constituted continuing connected transactions of the Company and the principal terms thereof are summarised below (collectively the "Union Medical Transactions"):

		Tenancy Term and Monthly Charges			
Premises	**Licence Period and Fee**	**1st Part of the Fixed Term – Duration and Monthly Rental** [Note 2]	**2nd Part of the Fixed Term – Duration and Monthly Rental** [Note 2]	**3rd Part of the Fixed Term – Duration and Monthly Rental** [Note 2]	**Remarks**
The whole of 9th Floor, H Zentre					
(i) Offer to Licence Date: 23 October 2019	3 months commencing on 9 September 2019 [Note 1] Nominal fee of HK$1	Not applicable	Not applicable	Not applicable	For renovation and fitting out purpose
(ii) Tenancy Agreement Date: 25 October 2019	Not applicable	8 years and 9 months commencing from 9 December 2019 to 8 September 2028			3 months' rent-free period [Note 1]
		1st – 33rd month	34th – 69th month	70th – 105th month	The tenant shall be responsible for fitting out the interior of the premises at its own costs and expenses, save for landlord's fitting out works of not more than HK$1,400,000
Gross Floor Area: 15,287 sq.ft.		*HK$1,005,885*	*HK$1,077,705*	*Open market rent, which shall be not less than 85% and not more than 125% of the rent of the 69th month, to be agreed between the parties or, in case of no agreement, to be determined by an independent qualified surveyor*	
		Miscellaneous charges (subject to review from time to time): *(i) Management fees: HK$145,226.5* *(ii) Air-conditioning charges: HK$45,861*			

		Tenancy Term and Monthly Charges			
Premises	**Licence Period and Fee**	**1st Part of the Fixed Term – Duration and Monthly Rental** [Note 2]	**2nd Part of the Fixed Term – Duration and Monthly Rental** [Note 2]	**3rd Part of the Fixed Term – Duration and Monthly Rental** [Note 2]	**Remarks**
The whole of 12th Floor, H Zentre, including Flat Roof on 12th Floor					
(i) Offer to Licence Date: 10 June 2020	3 months commencing on 1 August 2020 (which was subsequently deferred to 30 September 2020 by a written notice served by the tenant on 17 July 2020 in accordance with the offer to licence) [Note 1] Nominal fee of HK$1	Not applicable	Not applicable	Not applicable	For renovation and fitting out purpose
(ii) Tenancy Agreement Date: 10 June 2020	Not applicable	8 years and 9 months commencing on the first day immediately following the expiration date of the above offer to licence			8 months' rent-free period [Note 1]
		1st – 33rd month	34th – 69th month	70th – 105th month	
Gross Floor Area: 17,234 sq.ft.		*HK$822,192*	*HK$880,896*	*Open market rent, which shall be not less than 85% and not more than 125% of the rent of the 69th month, to be agreed between the parties or, in case of no agreement, to be determined by an independent qualified surveyor*	
		Miscellaneous charges (subject to review from time to time): *(i) Management fees: HK$163,723* *(ii) Air-conditioning charges: HK$51,702*			

Premises	Licence Period and Fee	Tenancy Term and Monthly Charges: 1st Part of the Fixed Term – Duration and Monthly Rental [Note 2]	Tenancy Term and Monthly Charges: 2nd Part of the Fixed Term – Duration and Monthly Rental [Note 2]	Tenancy Term and Monthly Charges: 3rd Part of the Fixed Term – Duration and Monthly Rental [Note 2]	Remarks
The whole of B1 Floor, H Zentre					
(i) Offer to Licence Date: 10 June 2020	4 months and 15 days commencing on 1 September 2020 [Note 1] Nominal fee of HK$1	Not applicable	Not applicable	Not applicable	For renovation and fitting out purpose
(ii) Tenancy Agreement Date: 10 June 2020	Not applicable	10 years commencing on the first day immediately following the expiration date of the above offer to licence			3 months' rent-free period [Note 1]
		1st – 3rd year	4th – 6th year	7th – 10th year	An amount of approximately HK$81,300,000 paid by the landlord as gross capital expenses on improvement of the property was incurred as part of the landlord's provision with such gross capital expenses having been amortized on a straight line basis over the 10-year fixed term and incorporated into the monthly rent
Gross Floor Area: 12,452 sq.ft.		*HK$1,169,293*	*HK$1,203,167*	*Open market rent, which shall be not less than 85% and not more than 125% of monthly rent of the 6th year, to be agreed between the parties or, in case of no agreement, to be determined by an independent qualified surveyor*	
		Miscellaneous charges (subject to review from time to time): *(i) Management fees: HK$118,294* *(ii) Air-conditioning charges: HK$37,356*			

Notes:

1. *The tenant shall be responsible for Government rates, management fees, air-conditioning charges and all other outgoings during the relevant licence/rent-free periods.*
2. *The monthly rentals as referred to in the table above are payable in advance on the first day of each calendar month and exclusive of Government rates, management fees, air-conditioning charges and all other outgoings for which the tenant is responsible.*

As the term of tenancy for each of the premises under the aforesaid tenancy agreements entered into between Smart Bright as landlord and Union Medical as tenant exceeds three years, pursuant to Rule 14A.52 of the Listing Rules, the Company has appointed an independent financial adviser to explain why a period of longer than three years is necessary and to confirm if it is normal business practice to have leases exceeding three years. Having considered a number of factors, including substantial capital expenditures incurred by both Smart Bright and Union Medical as well as the custom-built nature of the premises for medical floor purpose, the independent financial adviser was of the view that the tenancy term (including the licence period) for each of the premises under the aforesaid tenancy agreements is necessary and it is normal practice for tenancy agreements of this type to be of such duration.

The aggregate amounts of rentals, management fees, air-conditioning charges and other miscellaneous charges (exclusive of Government rates) payable by Union Medical to Smart Bright under the Union Medical Transactions on an annual basis will not exceed the following maximum figures:

Financial year ended/ending 31 December	Annual caps (HK$ million)
2021	41
2022	53
2023	54
2024	55
2025	57
2026	61
2027	67
2028	61
2029	37
2030	25
2031	6

For the year ended 31 December 2021, the Group received approximately HK$32,253,000 for the Union Medical Transactions.

The Audit Department has reviewed the Sunlight REIT Transactions and the Union Medical Transactions together with the relevant internal controls and confirmed to the Independent Non-executive Directors of the Company that the Sunlight REIT Transactions and the Union Medical Transactions were conducted in accordance with the pricing mechanism and the terms under the relevant agreements. The Independent Non-executive Directors of the Company have reviewed and confirmed that such transactions are (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms; and (c) in accordance with the terms of the respective licences/agreements/deeds relating to the transactions in question and are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Auditor of the Company has also confirmed that nothing has come to the Auditor's attention that causes it to believe that the Sunlight REIT Transactions and the Union Medical Transactions (a) have not been approved by the Board; (b) were not, in all material respects, in accordance with the pricing policies of the Group; (c) were not entered into, in all material respects, in accordance with the relevant licences/agreements/deeds governing such transactions; and (d) have exceeded the respective caps as aforesaid.

The Company's Auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in this Annual Report in accordance with Rule 14A.56 of the Listing Rules. The Company has provided a signed copy of the said letter to the Stock Exchange.

The material related party transactions set out in note 43 to the financial statements on pages 290 to 292 include transactions that constitute connected transactions/continuing connected transactions for which the disclosure requirements under the Listing Rules have been met.

Save as disclosed above, no other transaction, arrangement or contract that is significant in relation to the Company's business to which the Company, its holding company or any of its subsidiaries or fellow subsidiaries was a party, and in which a Director of the Company had, directly or indirectly, a material interest, subsisted at the year end or at any time during the year.

Directors' Interests in Competing Business

Pursuant to Rule 8.10 of the Listing Rules, the interests of Directors of the Company in businesses which might compete with the Group during the year ended and as at 31 December 2021 were as follows:

Dr Lee Ka Kit and Dr Lee Ka Shing, Chairmen and Managing Directors of the Company, and Dr Lee Shau Kee, Director of the Company, held directorships and/or have deemed interests in companies engaged in the same businesses of property investment, development and management in Hong Kong and mainland China as the Group. As those companies which engage in the same businesses as the Group are involved in the investment, development and management of properties of different types and/or in different locations, and the Group has been operating independently of, and at arm's length from, the businesses of those companies, no competition is considered to exist.

Service Contracts

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

Management Contracts

No contracts (as defined in Section 543 of the Companies Ordinance (Cap. 622)) relating to the management and/or administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year.

Contract of Significance

On 3 November 2021, a wholly owned subsidiary of the Company made a successful tender to acquire from the Government of the Hong Kong Special Administrative Region of the People's Republic of China a parcel of land located at Man Yiu Street, New Central Harbourfront, Hong Kong at the land premium of HK$50,800,000,000. The above transaction was a Qualified Property Acquisition (as defined under the Listing Rules) which also constituted a major transaction of the Company as per the relevant details contained in the Company's circular dated 13 December 2021.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year.

Major Customers and Suppliers

For the year ended 31 December 2021:

(1) the aggregate amount of purchases attributable to the Group's largest supplier and five largest suppliers accounted for approximately 28% and 46% respectively, of the Group's total purchases; and

(2) the aggregate amount of revenue attributable to the Group's five largest customers represented less than 30% of the Group's total revenue.

So far as the Company is aware, none of the Directors of the Company or any of his/her close associates, or shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued shares), had any interest in the suppliers as referred to in (1) above.

Discussion and Analysis of Performance

A discussion and analysis of the Group's performance for the year ended 31 December 2021 is shown on pages 88 to 101.

Sustainability

The standalone Sustainability Report is to be published on the same date of this Annual Report and posted on the Company's website.

Retirement Benefits Scheme

The Group's Hong Kong employees participate in certain defined contribution provident fund schemes (the "Funds") as defined in the Occupational Retirement Schemes Ordinance (Cap. 426) or in another defined contribution scheme (the "Scheme") as mentioned below or in schemes (the "MPF Schemes") registered under the Mandatory Provident Fund Scheme Ordinance (Cap. 485) ("MPFO").

Contributions to the Funds are made by the participating employers at rates ranging from 4% to 11%, and by the employees at rates ranging from 2% to 11%, of the employees' basic monthly salaries. The portion of employers' contributions to which the employees are not entitled and which has been forfeited shall not be used to reduce the future contributions of the participating employers.

As for the Scheme, contributions are made by both the employers and the employees at the rate of 5% of the employees' basic monthly salaries. Forfeited contributions can be applied towards reducing the amount of future contributions payable by the employers. There were no forfeited contributions of the Scheme utilised during the year ended 31 December 2021 (2020: Nil). As at 31 December 2021, there were no forfeited contributions that could be utilised to reduce the Group's contributions to the Scheme (2020: Nil).

No employees of the Group were eligible to join the Funds or the Scheme on or after 1 December 2000.

Employees of the Group who are not members of the Funds or the Scheme participate in the MPF Schemes. In addition to the minimum benefits set out in the MPFO, the Group provides certain voluntary top-up benefits to employees participating in the MPF Schemes. The portion of employer's contributions to which the employees are not entitled and which has been forfeited can be used by the Group to reduce the future contributions. The total amount so utilised during the year ended 31 December 2021 was HK$3,410,000 (2020: HK$1,605,000) and the balance available to be utilised as at 31 December 2021 was HK$211,000 (2020: HK$136,000).

The Group also participates in the state-organised pension scheme operated by the Government of the PRC for its PRC employees and contributes a certain percentage of the employees' covered payroll to fund the benefits.

The Group's retirement costs charged to the profit and loss account for the year ended 31 December 2021 were HK$112,000,000 (2020: HK$92,000,000).

Permitted Indemnity

The Articles of Association of the Company provide that every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities (to the fullest extent permitted by the Companies Ordinance (Cap. 622)) which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto.

In addition, the indemnity agreements made by the Company, which are currently in force and were in force throughout the financial year, contained permitted indemnity provisions (as permitted in Section 469(2) of the Companies Ordinance (Cap. 622)), for the benefit of the Directors of the Company. The Company has also taken out and maintained Director's liability insurance throughout the financial year, which provides appropriate cover for the Directors.

Financial Assistance to Affiliated Companies

Pursuant to Rule 13.22 of the Listing Rules, a combined statement of financial position of those affiliated companies with financial assistance from the Group and the Group's attributable interests in those affiliated companies as at 31 December 2021 are presented as follows:

	Combined statement of financial position HK$ million	Group's attributable interests HK$ million
Non-current assets	38,100	11,550
Current assets	143,712	51,225
Current liabilities	(85,209)	(29,132)
Total assets less current liabilities	96,603	33,643
Non-current liabilities	(63,597)	(21,182)
Net assets	33,006	12,461

The combined statement of financial position of the affiliated companies was prepared by combining their statements of financial position, after making adjustments to conform with the Group's significant accounting policies and re-grouping into significant classification in the statement of financial position, as at 31 December 2021.

Public Float

As at the date of this report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

Auditor

A resolution for the re-appointment of KPMG as Auditor of the Company is to be proposed at the forthcoming annual general meeting.

Corporate Governance

The Company's corporate governance principles and practices are set out in the Corporate Governance Report on pages 126 to 146.

On behalf of the Board

Dr Lee Ka Kit	**Dr Lee Ka Shing**
Chairman	*Chairman*

Hong Kong, 22 March 2022

Biographical Details of Directors and Senior Management

Executive Directors

Dr LEE Ka Kit, *GBS, JP, DBA (Hon),* aged 58, a Member of the Standing Committee of the 13th National Committee of the Chinese People's Political Consultative Conference, has been an Executive Director of the Company since 1985 and was the Vice Chairman of the Company from 1993 to May 2019. On 28 May 2019, he was appointed as Chairman and Managing Director, and a member of the Remuneration Committee and the Nomination Committee of the Company. He was educated in the United Kingdom and has been primarily responsible for the development of the business of Henderson Land Group in the People's Republic of China since he joined the Company in 1985. He is the vice chairman of Henderson Development Limited ("Henderson Development"). He is also the vice chairman of Henderson Investment Limited as well as the chairman of The Hong Kong and China Gas Company Limited and Towngas Smart Energy Company Limited (formerly known as Towngas China Company Limited), all of which are listed companies. He previously served as a non-executive director of The Bank of East Asia, Limited and an independent non-executive director of Xiaomi Corporation until 23 August 2019, both of which are listed companies. He is a member as well as the chairman of the Board of Directors of One Country Two Systems Research Institute. He was awarded an Honorary University Fellowship by The University of Hong Kong in 2009 and an Honorary Degree of Doctor of Business Administration by Edinburgh Napier University in July 2014. He is a director of Rimmer (Cayman) Limited, Riddick (Cayman) Limited, Hopkins (Cayman) Limited and Henderson Development which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance. He is the son of Dr Lee Shau Kee, the brother of Ms Lee Pui Man, Margaret and Dr Lee Ka Shing, the brother-in-law of Mr Li Ning and the relative of Mr Lee Tat Man, Madam Fung Lee Woon King and Ms Li Keng Yan, Kristine.

Dr LEE Ka Shing, *GBS, JP, DSSc (Hon),* aged 50, a Committee Member of the 13th Beijing Committee of the Chinese People's Political Consultative Conference, has been an Executive Director of the Company since 1993 and was the Vice Chairman of the Company from 2005 to May 2019. On 28 May 2019, he was appointed as Chairman and Managing Director, and a member of the Remuneration Committee and the Nomination Committee of the Company. He was educated in Canada. He is the vice chairman of Henderson Development Limited ("Henderson Development"). He is also the chairman and managing director of Henderson Investment Limited, the chairman and chief executive officer of Miramar Hotel and Investment Company, Limited as well as the chairman of The Hong Kong and China Gas Company Limited, all of which are listed companies. He was awarded the Gold Bauhinia Star (GBS) by the Government of the Hong Kong Special Administrative Region in 2021. He is a member of the Court of The Hong Kong Polytechnic University and a member of the Court of City University of Hong Kong. He was awarded an Honorary Fellowship by University College London in 2021 and an Honorary Degree of Doctor of Social Science by The Hang Seng University of Hong Kong in 2022. He is a director of Rimmer (Cayman) Limited, Riddick (Cayman) Limited, Hopkins (Cayman) Limited, Henderson Development, Believegood Limited, Cameron Enterprise Inc. and Richbond Investment Limited which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance. He is the son of Dr Lee Shau Kee, the brother of Ms Lee Pui Man, Margaret and Dr Lee Ka Kit, the brother-in-law of Mr Li Ning and the relative of Mr Lee Tat Man, Madam Fung Lee Woon King and Ms Li Keng Yan, Kristine.

Dr LAM Ko Yin, Colin, *SBS, FCILT, FHKIoD, DB (Hon), DBA (Hon),* aged 70, joined the Company in 1982 and has been an Executive Director since 1985 and the Vice Chairman since 1993. He is also the chairman of the Whistleblowing Committee, and a member of the Remuneration Committee and the Nomination Committee of the Company. Dr Lam holds a B.Sc. (Honours) degree from The University of Hong Kong and has over 48 years' experience in banking and property development. He is the chairman of Hong Kong Ferry (Holdings) Company Limited, the vice chairman of Henderson Investment Limited, a non-executive director of The Hong Kong and China Gas Company Limited and an executive director of Miramar Hotel and Investment Company, Limited, all of which are listed companies. He is the deputy chairman of The University of Hong Kong Foundation for Educational Development and Research, a director of Fudan University Education Development Foundation, an honorary Court member of Hong Kong Baptist University, a member of the Court of The Hong Kong University of Science and Technology and a member of the Court of City University of Hong Kong. Dr Lam was awarded an Honorary University Fellowship by The University of Hong Kong in 2008 and an Honorary Fellowship by The Chinese University of Hong Kong in 2019. He was also conferred with a degree of Doctor of Business (Honoris Causa) by Macquarie University in 2015 and a degree of Doctor of Business Administration (Honoris Causa) by The Hong Kong University of Science and Technology in 2021. He is a Fellow of The Chartered Institute of Logistics and Transport in Hong Kong and a Fellow of The Hong Kong Institute of Directors. Dr Lam is a director of Rimmer (Cayman) Limited, Riddick (Cayman) Limited, Hopkins (Cayman) Limited, Henderson Development Limited and Believegood Limited which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

Dr the Hon LEE Shau Kee, *GBM, DBA (Hon), DSSc (Hon), LLD (Hon),* aged 93, the founder of the Company and Henderson Investment Limited, was the Chairman and Managing Director of the Company from 1976 to 28 May 2019, upon his retirement from such position. He continues to act as an Executive Director of the Company after his stepping down as Chairman and Managing Director. He has been engaged in property development in Hong Kong for more than 65 years. He is the chairman of Henderson Development Limited ("Henderson Development"). Dr Lee previously served as the chairman of The Hong Kong and China Gas Company Limited and an executive director of Henderson Investment Limited until 28 May 2019, a non-executive director of Miramar Hotel and Investment Company, Limited until 4 June 2019 and Hong Kong Ferry (Holdings) Company Limited until 29 May 2020 as well as the vice chairman of Sun Hung Kai Properties Limited until 5 November 2020, all of which are listed companies. Dr Lee is a director of Rimmer (Cayman) Limited, Riddick (Cayman) Limited, Hopkins (Cayman) Limited and Henderson Development which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance. He is the brother of Mr Lee Tat Man and Madam Fung Lee Woon King, the father of Ms Lee Pui Man, Margaret, Dr Lee Ka Kit and Dr Lee Ka Shing, the father-in-law of Mr Li Ning and the grandfather of Ms Li Keng Yan, Kristine.

YIP Ying Chee, John, *LLB, FCG, FCA,* aged 73, has been an Executive Director of the Company since 1997. He graduated from The University of Hong Kong and the London School of Economics and is a solicitor, a certified public accountant and a chartered surveyor. He has over 40 years' experience in corporate finance, and corporate and investment management.

FUNG LEE Woon King, aged 83, has been an Executive Director of the Company since 1976. She joined Henderson Development Limited ("Henderson Development"), the parent company of the Company as treasurer in 1974 and has been an executive director of Henderson Development since 1979. She is also the Chief Treasurer of Henderson Development Group, Henderson Land Group and Henderson Investment Group. Madam Fung is a director of Rimmer (Cayman) Limited, Riddick (Cayman) Limited, Hopkins (Cayman) Limited, Henderson Development, Yamina Investment Limited, Believegood Limited, Cameron Enterprise Inc., South Base Limited and Richbond Investment Limited which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance. She is the sister of Dr Lee Shau Kee and Mr Lee Tat Man and the relative of Dr Lee Ka Kit, Dr Lee Ka Shing, Ms Lee Pui Man, Margaret, Mr Li Ning and Ms Li Keng Yan, Kristine.

KWOK Ping Ho, *BSc, MSc, Post-Graduate Diploma in Surveying, FRICS, ACIB,* aged 69, joined the Company in 1987 and has been an Executive Director since 1993. Mr Kwok holds a Bachelor of Science (Engineering) (Civil Engineering Group) Honours degree from the University of London and a Master of Science degree in Administrative Sciences from Cass Business School, City, University of London. He is also the holder of a Post-Graduate Diploma in Surveying (Real Estate Development) from The University of Hong Kong. Mr Kwok is a Fellow of the Royal Institution of Chartered Surveyors and he is also an Associate member of The Chartered Institute of Bankers (A.C.I.B.) of the United Kingdom. Mr Kwok had previously been a Part-time Lecturer for the MBA programme of The University of Hong Kong and he is also currently an Adjunct Professor of the Department of Real Estate and Construction, Faculty of Architecture of The University of Hong Kong. He had worked in the international banking field for more than 11 years with postings in London, Chicago, Kuala Lumpur, Singapore as well as in Hong Kong before joining the Company and has over 35 years of experience in the finance and business management areas which include responsibilities in the corporate investment, finance and treasury and project management activities of Henderson Land Group since 1987, including group re-organisation, privatisation proposals and corporate acquisitions. He is also a non-executive director of Henderson Sunlight Asset Management Limited, the manager of the publicly-listed Sunlight Real Estate Investment Trust. Mr Kwok is a director of Believegood Limited which has discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

SUEN Kwok Lam, *BBS, JP, MH, FHIREA,* aged 75, joined the Company in 1997 and has been an Executive Director of the Company since 2002. Mr Suen was an individual Member of The Real Estate Developers Association of Hong Kong from 1999 to 2022, the president of The Hong Kong Association of Property Management Companies from 2003 to 2007 and the vice president of Hong Kong Institute of Real Estate Administrators from 2006 to 2018. He has over 50 years' experience in property management.

WONG Ho Ming, Augustine, *JP, MSc, MEcon, FHKIS, MRICS, MCIArb, RPS (GP),* aged 61, joined the Company in 1996 and has been an Executive Director of the Company since 2010. He is presently the General Manager of Property Development Department as well. He is a registered professional surveyor and has over 37 years' experience in property appraisal, dealing and development. He was appointed as a deputy chairman and member of the Council of Lingnan University in 2020.

FUNG Hau Chung, Andrew, *BBS, JP, BA*, aged 64, has been the Chief Financial Officer of the Company since 2017 and an Executive Director of the Company since 2020. He holds the Bachelor of Arts Degree from The University of Hong Kong and the Honorary Fellowship awarded by Lingnan University. Mr Fung served as an executive director and the Head of Global Banking and Markets of Hang Seng Bank Limited, a listed company, before he stepped down from such positions in July 2017. He has been engaged in the banking industry since graduation, serving at Societe Generale, The Hongkong and Shanghai Banking Corporation Limited, Commonwealth Bank of Australia, Hong Kong Branch and DBS Bank (Hong Kong) Limited. He has 40 years of experience in banking, capital markets and asset management. He is the Professor of Practice (Finance) in the School of Accounting and Finance of The Hong Kong Polytechnic University, the Adjunct Professor of The Hang Seng University of Hong Kong and a member of the school management committee of Buddhist Tai Hung College. Mr Fung is currently the chairman of the Hospital Governing Committee of Pamela Youde Nethersole Eastern Hospital, a member of the Court of The University of Hong Kong, a trustee of The D.H. Chen Foundation, a member of the Cantonese Opera Development Fund Advisory Committee and a member of the Banking Review Tribunal. Mr Fung had previously been a board member of the Hospital Authority, a board member of the Airport Authority Hong Kong, a director of The Hong Kong Mortgage Corporation Limited, an associate member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region, a lay council member of the Hong Kong Institute of Certified Public Accountants and a client representative director of OTC Clearing Hong Kong Limited.

Non-executive Directors

LEE Tat Man, aged 84, has been a Director of the Company since 1976. He has been engaged in property development in Hong Kong for more than 45 years. Mr Lee previously served as an executive director of Henderson Investment Limited, a listed company, until 8 June 2020. Mr Lee is a director of Rimmer (Cayman) Limited, Riddick (Cayman) Limited, Hopkins (Cayman) Limited, Henderson Development Limited and Cameron Enterprise Inc. which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance. He is the brother of Dr Lee Shau Kee and Madam Fung Lee Woon King and the relative of Dr Lee Ka Kit, Dr Lee Ka Shing, Ms Lee Pui Man, Margaret, Mr Li Ning and Ms Li Keng Yan, Kristine.

LEE Pui Ling, Angelina, *SBS, JP, LLB, FCA*, aged 73, has been a Director of the Company since 1996 and was re-designated as Non-executive Director in 2004. Mrs Lee is a solicitor and a Fellow of the Institute of Chartered Accountants in England and Wales. She holds a Bachelor of Laws degree from and was awarded an Honorary Fellowship by University College London, University of London. Amongst her public appointments, Mrs Lee was a Member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority and a Non-executive Director of the Securities and Futures Commission. Mrs Lee is a Non-executive Director of CK Infrastructure Holdings Limited and TOM Group Limited and an Independent Non-executive Director of Great Eagle Holdings Limited, all of which are listed companies.

Independent Non-executive Directors

KWONG Che Keung, Gordon, *FCA*, aged 72, has been an Independent Non-executive Director of the Company since 2004. He is also the chairman of the Audit Committee and the Corporate Governance Committee and a member of the Remuneration Committee and the Nomination Committee of the Company. He graduated from The University of Hong Kong with a bachelor's degree in social sciences in 1972 and qualified as a chartered accountant in England in 1977. He was a partner of Pricewaterhouse from 1984 to 1998 and an independent member of the Council of The Stock Exchange of Hong Kong from 1992 to 1997. He is an independent non-executive director of Henderson Investment Limited, Agile Group Holdings Limited, Chow Tai Fook Jewellery Group Limited, COSCO SHIPPING International (Hong Kong) Co., Ltd., FSE Lifestyle Services Limited, NWS Holdings Limited and Piraeus Port Authority S.A. (listed in Greece), all of which are listed companies. Mr Kwong previously served as an independent non-executive director of Wealthking Investments Limited until 27 August 2019, Global Digital Creations Holdings Limited until 22 May 2020 and China Power International Development Limited until 3 June 2021.

Professor KO Ping Keung, *PhD, FIEEE, JP*, aged 71, has been an Independent Non-executive Director of the Company since 2004. He is also a member of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Whistleblowing Committee of the Company. Professor Ko holds a Bachelor of Science (Honours) degree from The University of Hong Kong, a Doctor of Philosophy degree and a Master of Science degree from the University of California at Berkeley. He is an Adjunct Professor of Peking University and Tsinghua University and Emeritus Professor of Electronic and Computer Engineering and the former Dean of the School of Engineering of The Hong Kong University of Science and Technology. He was the vice chairman of Electrical Engineering and Computer Science Department of the University of California at Berkeley in 1991-1993 and a member of Technical staff, Bell Labs, Holmdel, in 1982-1984. Professor Ko is an independent non-executive director of Henderson Investment Limited, Q Technology (Group) Company Limited and VTech Holdings Limited, all of which are listed companies.

WU King Cheong, *BBS, JP*, aged 71, has been an Independent Non-executive Director of the Company since 2005. He is also the chairman of the Remuneration Committee and the Nomination Committee of the Company, and a member of the Audit Committee and the Whistleblowing Committee of the Company. Mr Wu is the Life Honorary Chairman of The Chinese General Chamber of Commerce, the Honorary Permanent President of the Chinese Gold & Silver Exchange Society and the Permanent Honorary President of the Hong Kong Securities Association Limited. He is an independent non-executive director of Henderson Investment Limited, Hong Kong Ferry (Holdings) Company Limited, Miramar Hotel and Investment Company, Limited and Yau Lee Holdings Limited, all of which are listed companies.

WOO Ka Biu, Jackson, *MA (Oxon)*, aged 59, has been an Independent Non-executive Director of the Company since 2012. He holds an MA degree in Jurisprudence from the Oxford University and is a qualified solicitor in England and Wales, Hong Kong Special Administrative Region and Australia. He is an honorary director of Tsinghua University, a China-Appointed Attesting Officer appointed by the Ministry of Justice, People's Republic of China and a Practising Solicitor Member on the panel of the Solicitors' Disciplinary Tribunal in The Hong Kong Special Administrative Region. He is a member of the Takeovers and Mergers Panel and the Takeovers Appeal Committee of the Securities and Futures Commission, and is also a member of the Listing Review Committee of The Stock Exchange of Hong Kong Limited as well as a member of the Honorary Advisory Panel and the Oversight, Policy and Governance Committee of Financial Reporting Council. Mr Woo was a partner of Ashurst Hong Kong and a director of N M Rothschild & Sons (Hong Kong) Limited ("Rothschild"). Prior to joining Rothschild, Mr Woo was a partner in the corporate finance department of Woo Kwan Lee & Lo. Mr Woo was an alternate to Sir Po-shing Woo, in Sir Po-shing Woo's capacity as a non-executive director of the Company. He is a director of Kailey Group of Companies, the Chief Executive Officer of Challenge Capital Management Limited and a consultant of Guantao & Chow Solicitors and Notaries. He is also an independent non-executive director of China Pacific Insurance (Group) Co., Ltd. He previously served as an alternate to Sir Po-shing Woo, in Sir Po-shing Woo's capacity as a non-executive director of Sun Hung Kai Properties Limited until 31 August 2019. He is the son of Sir Po-shing Woo.

Professor POON Chung Kwong, *GBS, JP, OBE, PhD, DSc,* aged 82, has been an Independent Non-executive Director and a member of the Corporate Governance Committee of the Company since 2012. Professor Poon obtained a Bachelor of Science (honours) degree from the University of Hong Kong, a Doctor of Philosophy degree and a Higher Doctor of Science degree from the University of London. He was a postdoctoral fellow at the California Institute of Technology, University of Southern California and University of Toronto. He also held the Honorary Degree of Doctor of Humanities from The Hong Kong Polytechnic University in 2009. Professor Poon is currently the chairman of Virya Foundation Limited (a registered non-profit charitable organisation) and he is the President Emeritus and Emeritus Professor of The Hong Kong Polytechnic University and had devoted 40 years of his life to advancing university education in Hong Kong before he retired in January 2009 from his 18-year presidency at The Hong Kong Polytechnic University. Professor Poon received the “Leader of the Year Awards 2008 (Education)”. In addition, Professor Poon was appointed a member of the Legislative Council (1985-1991) and a member of the National Committee of the Chinese People’s Political Consultative Conference (1998-2013). Professor Poon is a non-executive director of Lee & Man Paper Manufacturing Limited and an independent non-executive director of The Hong Kong and China Gas Company Limited and Chevalier International Holdings Limited, all of which are listed companies.

AU Siu Kee, Alexander, *OBE, FCA, FCCA, FCPA, AAIA, FCIB, FHKIB,* aged 75, rejoined the Company as an Independent Non-executive Director in December 2018. He is also a member of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee of the Company. Mr Au was an Executive Director and the Chief Financial Officer of the Company from December 2005 to June 2011. He stepped down from the position of Chief Financial Officer and was re-designated as a Non-executive Director of the Company on 1 July 2011. On 18 December 2012, Mr Au was re-designated as an Independent Non-executive Director of the Company until his retirement on 2 June 2015. A banker by profession, Mr Au was the chief executive officer of Hang Seng Bank Limited from October 1993 to March 1998 and of Oversea-Chinese Banking Corporation Limited in Singapore from September 1998 to April 2002. He was formerly a non-executive director of a number of leading companies including The Hongkong and Shanghai Banking Corporation Limited, MTR Corporation Limited and Hang Lung Group Limited. Currently, Mr Au is an independent non-executive director of Henderson Investment Limited, Wharf Real Estate Investment Company Limited and Miramar Hotel and Investment Company, Limited, and a non-executive director of Hong Kong Ferry (Holdings) Company Limited, all of which are listed companies. He is also the chairman and a non-executive director of Henderson Sunlight Asset Management Limited, a wholly-owned subsidiary of the Company, which is the manager of the publicly-listed Sunlight Real Estate Investment Trust. An accountant by training, Mr Au is a Fellow of The Institute of Chartered Accountants in England and Wales, The Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

Senior Management

YU Wai Wai, *JP, BA (AS), B Arch, FHKIA, HonFHKIPM, Authorized Person (Architect), Registered Architect (HK),* aged 61, joined the Company in 2013 and is presently the General Manager of Project Management (1) Department. He is a Fellow member of the Hong Kong Institute of Architects, an Honorary Fellow of the Hong Kong Institute of Project Management and an Authorized Person (Architect). Mr Yu has over 30 years of experience in property planning and design, project management, quality management, cost management, land acquisition and customer services. He also has experience in art and cultures, green building innovations, heritage and conservation developments.

KWOK Man Cheung, Victor, *BA (AS), B Arch (Dist), MSc (Con P Mgt), EMBA, FHKIA, MAPM, RIBA, Authorized Person (Architect), Registered Architect (HK),* aged 68, joined the Company in 2005 and is presently the General Manager of Project Management (2) Department. He possesses professional qualifications of both a project manager and an architect. He holds a Bachelor of Architecture (Distinction) degree and a Master of Science in Construction Project Management degree from The University of Hong Kong, and an Executive Master of Business Administration degree from Tsinghua University. He is a Fellow Member of The Hong Kong Institute of Architects and a Member of Association of Project Management. He has over 43 years of professional experience in the property and construction industry of Hong Kong and mainland China.

LEUNG Kam Leung, *MSc, PGDMS, FHKIS, RPS (GP),* aged 68, joined the Company in 1997 and is presently the General Manager of Property Planning Department. He has over 45 years' experience in land and property development. He joined the former Public Works Department in 1976 and qualified as a Chartered Surveyor in 1980. He was assigned to an international property consultancy firm in London in 1982 receiving professional training in valuation, town planning and property development. He was promoted to Senior Estate Surveyor and Chief Estate Surveyor of the Lands Department in 1986 and 1994 respectively. He holds an Associateship in General Practice Surveying, a Postgraduate Diploma in Management Studies and a Master of Science degree in International Real Estate. He was sponsored by the Hong Kong Government in 1992 to complete a one-year programme of studies at the Graduate School of Public Policy of the University of California, Berkeley. Mr Leung is a Fellow Member of The Hong Kong Institute of Surveyors and a Registered Professional Surveyor. He was a non-official member of the Business Facilitation Advisory Committee, the convenor of the Former Pre-construction Task Force, a member of the Review Panel under the Land (Miscellaneous Provisions) Ordinance, a member of the Real Estate Services Training Board of Vocational Training Council and an external examiner of Master of Science in Real Estate Programme of the Faculty of Architecture of The University of Hong Kong. He is now a member of the Land Sub-committee of the Land and Development Advisory Committee and the convenor of the Planning, Environment and Lands Sub-committee of The Real Estate Developers Association of Hong Kong.

WONG Wing Hoo, Billy, *BBS, JP, BSc, FICE, FHKIE, FIHT, FHKIHT, RPE*, aged 64, joined the Company in 2006 and is presently the General Manager of Construction Department. He is a fellow member of the Institution of Civil Engineers, Hong Kong Institution of Engineers, Institution of Highways and Transportation and Hong Kong Institution of Highways and Transportation. He is also a Registered Professional Engineer under the Engineers Registration Ordinance (Chapter 409). He previously served as president of Hong Kong Construction Association, chairman of Construction Industry Training Authority, chairman of Construction Industry Training Board, director of Hong Kong Science and Technology Parks Corporation and board member of the Airport Authority Hong Kong. Mr Wong is currently director of Hong Kong-Shenzhen Innovation and Technology Park Ltd., board member of the Hospital Authority, member of the Council of The Hong Kong University of Science and Technology and permanent supervisor of Hong Kong Construction Association.

WONG Man Wa, Raymond, *MSc(Real Estate), LLB, PCLL, Solicitor*, aged 56, joined the Company in 2012 and is presently the Senior General Manager of Sales Department. He possesses professional qualification as a solicitor in Hong Kong and is presently sitting on a number of professional, government consultative and advisory committees. He was an individual member of The Real Estate Developers Association of Hong Kong. He holds a Master of Science in Real Estate degree with distinction, a Bachelor of Laws (LL.B) degree and a Postgraduate Certificate in Laws (PCLL) all from The University of Hong Kong. Prior to joining the Company, he had over 22 years' practical experience as a lawyer specializing in land and property development related works and was a partner of one of the largest international law firms in Hong Kong.

LAM Tat Man, Thomas, *MEM(UTS), DMS, EHKIM, MHIREA*, aged 62, joined the Company in 1983 and is presently the General Manager of Sales (1) Department. He holds a Master Degree in Engineering Management from the University of Technology, Sydney, Australia and a Diploma in Management Studies from The Hong Kong Polytechnic University. He is an Ordinary Member of Hong Kong Institute of Real Estate Administrators and an Executive Member of Hong Kong Institute of Marketing. He has over 38 years' experience in property sales and marketing.

HAHN Ka Fai, Mark, *BSc, MRICS, MHKIS, RPS (GP)*, aged 58, joined the company in 2013 and is presently the General Manager of Sales (2) Department. He is a member of both the Royal Institution of Chartered Surveyors and The Hong Kong Institute of Surveyors. He has over 35 years' experience in property acquisitions, developments, sales and marketing as well as fund raising involving projects in Hong Kong, mainland China, Taiwan and Japan. Prior to joining the Company, he held various senior posts with several leading international property consultancies, associate director at Sino Land and executive director, Asia/managing director, development at Grosvenor.

CHOI Ngai Min, Michael, *BBS, JP, MBA*, aged 64, joined the Company in 2013 and is presently the in charge of China sales and land acquisition. He graduated from the Business Management Department of the Hong Kong Baptist College and holds a Master Degree in Business Administration from the University of East Asia, Macau. He has been in the real estate industry for 41 years and has extensive knowledge and experience in the real estate markets in Hong Kong and mainland China. Currently, Mr Choi is the vice president of The Hong Kong Real Property Federation Limited.

LEE Pui Man, Margaret, *BHum (Hons),* aged 61, joined the Company in 1984 and is presently the Senior General Manager of Portfolio Leasing Department. She holds a B Hum (Honours) degree from the University of London and has over 37 years' experience in marketing development. She is the eldest daughter of Dr Lee Shau Kee, the spouse of Mr Li Ning, the mother of Ms Li Keng Yan, Kristine, the sister of Dr Lee Ka Kit and Dr Lee Ka Shing and the relative of Mr Lee Tat Man and Madam Fung Lee Woon King.

KONG Po Yan, *BA,* aged 52, joined the Company as the General Manager of Portfolio Leasing Department in 2021. Ms Kong holds a Bachelor of Arts degree in Geography from The University of Hong Kong. Ms Kong has 29 years of experience in the real estate industry. She has extensive experience in retail and commercial leasing as well as implementation of large scale renovation projects and trade-mix repositioning exercises. She had held managerial positions in renowned property developers and real estate trust, including Sun Hung Kai Properties Limited, New World Development Company Limited and Link Real Estate Investment Trust.

LI Keng Yan, Kristine, *BA, MSc(Real Estate),* aged 33, is presently the Senior Deputy General Manager of Portfolio Leasing Department. Ms Li holds a Master of Science in Real Estate from The University of Hong Kong and a Bachelor of Arts degree from Stanford University, USA. Prior to joining Henderson Land, she worked in the investment banking industry. Ms Li has over 9 years of experience in property leasing, marketing and asset management field. She currently serves as a global governing trustee of Urban Land Institute, and is also a member of The Y.Elites Association and Hong Kong Pei Hua Education Foundation as well as a committee member of the Union Hospital Charity Program. Ms Li is the granddaughter of Dr Lee Shau Kee, the daughter of Mr Li Ning and Ms Lee Pui Man, Margaret and the relative of Dr Lee Ka Kit, Dr Lee Ka Shing, Mr Lee Tat Man and Madam Fung Lee Woon King.

LI Ning, *BSc, MBA,* aged 65, Mr Li, has been appointed an executive director of Henderson Investment Limited since 2014 and is also an executive director of Hong Kong Ferry (Holdings) Company Limited. He holds a B.Sc. degree from Babson College and an M.B.A. degree from the University of Southern California. Mr Li set up the business of Citistore Stores in 1989 and has been managing the business since then in the capacity as a director, being a veteran with 30 years' experience in the department store business. Mr Li is the son-in-law of Dr Lee Shau Kee, the spouse of Ms Lee Pui Man, Margaret, the father of Ms Li Keng Yan, Kristine, the brother-in-law of Dr Lee Ka Kit and Dr Lee Ka Shing and the relative of Mr Lee Tat Man and Madam Fung Lee Woon King.

Dr WONG Kim Wing, Ball, *BA (AS), B. Arch, PhD (Finance), FHKIA, Registered Architect (HK), Authorized Person (List 1, HK),* aged 60, joined the Company in 2011 as the group consultant and serves to advise Henderson Land Group in his expert areas of sales and marketing, leasing, and project management. He is also presently acting as the General Manager of Asset Development Department and Comm. & Ind. Properties Department and advises Henderson Land Group on its asset development and asset branding of investment portfolio. Dr Wong is a Registered Architect and Authorized Person in Hong Kong and holds a PhD Degree in Finance from the Shanghai University of Finance and Economics. Prior to joining Henderson Land Group, he was an executive director of CC Land Holdings Ltd., and was the director (Project and Planning) of The Link Management Limited (as Manager of The Link Real Estate Investment Trust). He had also served Sun Hung Kai Properties Group for over 10 years.

YU Ching Yan, Johnny, *BSc, MBA, ACA, CFA,* aged 51, joined the Company in 2020 as the advisor to Chairman. Prior to joining the company, Mr Yu held various senior positions with UBS, Credit Suisse and Price Waterhouse in both Hong Kong and London. He brought 27 years of extensive experience covering multiple disciplines including sales and marketing, investment advisory, accounting, tax, risk management and control, with his recent focus being digital transformation, innovation and sustainability. Mr Yu graduated from The London School of Economics and Political Science, University of London with a bachelor's degree in Management Science and attained his MBA degree in Finance with City University of London. He is a member of The Institute of Chartered Accountants in England & Wales and Chartered Financial Analyst Institute.

LEE King Yue, aged 95, joined Henderson Development Limited, the parent company of the Company on its incorporation in 1973 and has been engaged in property development for over 65 years. Mr Lee was an Executive Director of the Company for about 40 years until his stepping down from the board on 2 June 2016. He is an executive director of Henderson Real Estate Agency Limited and also a director of various members of the Group. He performs a senior executive role in the Finance Department of the Group and is responsible for the Group's property mortgage loans business.

LIU Cheung Yuen, Timon, *BEc, FCPA, CA (Aust), FCG, HKFCG,* aged 64, joined the Henderson Land Group in 2005 and is presently the Company Secretary of the Group. Mr Liu graduated from Monash University, Australia with a bachelor's degree in Economics. He is a fellow of both the Hong Kong Institute of Certified Public Accountants and The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries), and an associate of The Institute of Chartered Accountants in Australia. He has many years' experience in accounting, auditing, corporate finance, corporate investment and development, and company secretarial practice.

WONG Wing Kee, Christopher, *BSc (Econ), FCA,* aged 59, joined the Company in 2007 and is presently the General Manager of Accounts Department. Mr Wong graduated from The London School of Economics and Political Science, University of London and is a fellow of The Institute of Chartered Accountants in England & Wales. He has over 35 years of experience in accounting, auditing, investment banking and corporate finance in the United Kingdom and in Hong Kong. Prior to joining the Company, Mr Wong was the chief financial officer of Kerry Properties Limited between December 2004 and May 2007.

NGAN Suet Fong, Bonnie, *BBA,* aged 64, joined the Company in 2005 and is presently the General Manager of Corporate Communications Department. Ms Ngan graduated from the University of Wisconsin, USA. She has over 36 years of experience in both banking and real estate industries, and has held senior positions in corporate communications, marketing, retail banking and e-business. Prior to joining the Company, Ms Ngan was the general manager, corporate communications and public relations of Hong Kong Tourism Board.

Financial Statements

Report of the Independent Auditor

KPMG

Independent auditor's report to the members of Henderson Land Development Company Limited

(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Henderson Land Development Company Limited ("the Company") and its subsidiaries ("the Group") set out on pages 183 to 304, which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters (continued)

Valuation of investment properties and investment properties under development	
Refer to note 16 to the consolidated financial statements on pages 257 to 263 and the accounting policy 2(j)(i) on page 201.	
The key audit matter	**How the matter was addressed in our audit**
The Group holds either directly or through its joint ventures and associates, a portfolio of investment properties and investment properties under development located in Hong Kong and in certain first and second-tier cities across mainland China. These properties comprise office premises, industrial premises, shopping malls, residential premises and car parking bays. The fair values of investment properties and investment properties under development as at 31 December 2021 were assessed by the management based on valuations prepared by a firm of qualified external property valuers. The net changes in fair value of investment properties and investment properties under development are recorded in the consolidated statement of profit or loss. We identified valuation of the investment properties and investment properties under development as a key audit matter because of the significance of investment properties and investment properties under development to the Group's total assets and the significance of changes in fair value of investment properties and investment properties under development to the Group's profit before taxation and because the valuation of investment properties and investment properties under development can be inherently subjective and requires significant management judgement and estimation which increases the risk of error or potential management bias, particularly given the number and the diverse nature and location of the investment properties and investment properties under development.	Our audit procedures to address the valuation of investment properties and investment properties under development, either directly held by the Group or through its joint ventures and associates, included the following: • obtaining and inspecting the valuation reports prepared by the external property valuers on which the management's assessment of the fair values of investment properties and investment properties under development was based; • assessing the external property valuers' qualifications, experience and expertise in the properties being valued and considering their objectivity; • with the assistance of our internal property valuation specialists and utilising their industry knowledge and experience, discussing with the external property valuers, without the presence of management, their valuation methodologies; and assessing the key estimates and assumptions adopted in the valuation by comparing capitalisation rates, prevailing market rents and comparable market transactions with the available market data; • comparing tenancy information, including committed rents and occupancy rates, provided by the management to the external property valuers, with underlying contracts and related documentation, on a sample basis; • conducting site visits to investment properties under development, on a sample basis, to observe the development progress and evaluating management's development budgets reflected in the latest forecasts with reference to market statistics about estimated construction costs, signed construction contracts and/or unit construction costs of recently completed projects.

Key audit matters (continued)

Assessing the net realisable value of properties held for/under development for sale and completed properties for sale in mainland China

Refer to note 26 to the consolidated financial statements on pages 274 to 275 and the accounting policy 2(o) on pages 208 to 209.

The key audit matter	How the matter was addressed in our audit
As at 31 December 2021, the Group held either directly or through its joint ventures and associates, properties held for/under development for sale and completed properties for sale located in certain cities across mainland China. These properties are stated at the lower of cost and net realisable value. The determination of the net realisable value of these properties requires estimations, including expected future selling prices and costs necessary to complete the sale of these properties, and is assessed by the management with reference to the valuations carried out by the external property valuers for certain properties. Changes in government policies, which affect interest rates, the required reserve ratio for banks and/or mortgage requirements for second-home buyers, could lead to volatility in property prices, particularly for properties in mainland China. We identified the assessment of the net realisable value of the properties in mainland China as a key audit matter because of the significance of these properties to the Group's total assets and because the assessment of net realisable value is inherently subjective and requires significant management judgement and estimation in relation to estimating future selling prices and future construction costs which increases the risk of error or potential management bias.	Our audit procedures to assess the net realisable value of properties held for/under development for sale and completed properties for sale in mainland China, either directly held by the Group or through its joint ventures and associates, included the following: • obtaining and inspecting management's valuation assessments and/or the external valuation reports prepared by external property valuers and on which the management's assessment of the net realisable value of the properties held for/under development for sale and completed properties for sale was based; • assessing the qualifications, experience and expertise of the management and/or the external property valuers in the nature and locations of the properties being valued; • with the assistance of our internal property valuation specialists and utilising their industry knowledge and experience, discussing with management and/or the external property valuers their valuation methodologies; and assessing the key estimates and assumptions adopted in the valuation, including expected future selling prices and costs to completion, by comparing expected future selling prices to, where available, recently transacted prices for similar properties or the prices of comparable properties located in the vicinity of each development, and publicly available construction cost information for properties of a similar nature and location; • conducting site visits to properties under development for sale, on a sample basis, to observe the development progress and evaluating the management's development budgets reflected in the latest forecasts with reference to market statistics about estimated construction costs, signed construction contracts and/or unit construction costs of recently completed projects.

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yau Ngai Lun, Alan.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

22 March 2022

Consolidated Statement of Profit or Loss

for the year ended 31 December 2021

	Note	**2021 HK$ million**	2020 HK$ million
Revenue	6	**23,527**	25,020
Direct costs		**(11,445)**	(9,717)
		12,082	15,303
Other net income/(loss)	7	**3,127**	(98)
Selling and marketing expenses		**(1,038)**	(1,053)
Administrative expenses		**(2,181)**	(1,981)
Profit from operations before changes in fair value of investment properties and investment properties under development		**11,990**	12,171
Increase/(decrease) in fair value of investment properties and investment properties under development	16(a)	**59**	(2,413)
Profit from operations after changes in fair value of investment properties and investment properties under development		**12,049**	9,758
Finance costs	8(a)	**(600)**	(558)
Bank interest income		**109**	354
Net finance costs		**(491)**	(204)
Share of profits less losses of associates		**2,193**	2,524
Share of profits less losses of joint ventures		**1,627**	636
Profit before taxation	8	**15,378**	12,714
Income tax	11(a)	**(2,018)**	(2,431)
Profit for the year		**13,360**	10,283
Attributable to:			
Equity shareholders of the Company		**13,195**	10,192
Non-controlling interests		**165**	91
Profit for the year		**13,360**	10,283
Earnings per share based on profit attributable to equity shareholders of the Company (reported earnings per share)			
Basic and diluted	*14(a)*	***HK$2.73***	*HK$2.11*
Earnings per share excluding the effects of the Group's aggregate attributable share of changes in fair value of investment properties and investment properties under development (net of deferred tax) (underlying earnings per share)			
Basic and diluted	*14(b)*	***HK$2.81***	*HK$3.08*

The notes on pages 192 to 304 form part of these financial statements. Details of dividends payable to equity shareholders of the Company are set out in note 12.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2021

	Note	2021 HK$ million	2020 HK$ million
Profit for the year		**13,360**	10,283
Other comprehensive income for the year-net, after tax and reclassification adjustments:	13(a)		
Items that will not be reclassified to profit or loss:			
– Investments in equity securities designated as financial assets at fair value through other comprehensive income		**(7)**	(29)
– Share of other comprehensive income of associates and joint ventures		**(49)**	(172)
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences (note 13(b))		**1,569**	3,484
– Cash flow hedges (note 13(b))		**103**	(156)
– Share of other comprehensive income of associates and joint ventures		**1,149**	2,144
Other comprehensive income for the year		**2,765**	5,271
Total comprehensive income for the year		**16,125**	15,554
Attributable to:			
Equity shareholders of the Company		**15,937**	15,454
Non-controlling interests		**188**	100
Total comprehensive income for the year		**16,125**	15,554

The notes on pages 192 to 304 form part of these financial statements.

Consolidated Statement of Financial Position

at 31 December 2021

	Note	At 31 December 2021 HK$ million	At 31 December 2020 HK$ million
Non-current assets			
Investment properties	16	**260,241**	186,593
Other property, plant and equipment	16	**4,599**	400
Right-of-use assets	17	**507**	750
Goodwill	18	**262**	262
Trademarks	19	**106**	–
Interest in associates	21	**53,955**	64,838
Interest in joint ventures	22	**80,887**	70,043
Derivative financial instruments	23	**769**	1,319
Other financial assets	24	**9,103**	11,186
Deferred tax assets	11(c)	**698**	633
		411,127	336,024
Current assets			
Deposits for acquisition of properties	25	**801**	1,052
Inventories	26	**109,180**	101,059
Trade and other receivables	27	**16,844**	15,864
Cash held by stakeholders		**1,405**	1,281
Cash and bank balances	29(a)	**10,947**	5,807
		139,177	125,063
Current liabilities			
Trade and other payables	30	**28,480**	22,304
Amounts due to related companies	35	**111**	–
Lease liabilities	31	**290**	338
Bank loans	32	**30,207**	26,254
Guaranteed notes	33	**1,577**	3,078
Tax payable		**2,582**	2,762
		63,247	54,736
Net current assets		**75,930**	70,327
Total assets less current liabilities		**487,057**	406,351

Consolidated Statement of Financial Position

at 31 December 2021

	Note	At 31 December 2021 HK$ million	At 31 December 2020 HK$ million
Non-current liabilities			
Bank loans	32	**44,151**	42,412
Guaranteed notes	33	**23,804**	15,675
Amount due to a fellow subsidiary	34	**53,710**	4,389
Amounts due to related companies	35	**3,065**	2,137
Derivative financial instruments	23	**720**	1,190
Lease liabilities	31	**251**	435
Provisions for reinstatement costs		**5**	17
Deferred tax liabilities	11(c)	**9,172**	7,904
		134,878	74,159
NET ASSETS		**352,179**	332,192
CAPITAL AND RESERVES	37		
Share capital	44(c)	**52,345**	52,345
Other reserves		**282,675**	275,262
Total equity attributable to equity shareholders of the Company		**335,020**	327,607
Non-controlling interests	36	**17,159**	4,585
TOTAL EQUITY		**352,179**	332,192

Approved and authorised for issue by the Board of Directors on 22 March 2022.

Dr Lee Ka Kit
Dr Lee Ka Shing
Directors

The notes on pages 192 to 304 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2021

		Attributable to equity shareholders of the Company										
	Note	Share capital HK$ million	Property revaluation reserve HK$ million	Exchange reserve HK$ million	Fair value reserve (recycling) HK$ million	Fair value reserve (non-recycling) HK$ million	Hedging reserve HK$ million	Other reserves HK$ million	Retained profits HK$ million	Total HK$ million	Non-controlling interests HK$ million	Total equity HK$ million
Balance at 1 January 2020		52,345	16	(2,261)	(1)	464	43	201	270,044	320,851	4,542	325,393
Changes in equity for 2020:												
Profit for the year		–	–	–	–	–	–	–	10,192	10,192	91	10,283
Other comprehensive income for the year	13(c)	–	–	5,640	–	(227)	(179)	–	28	5,262	9	5,271
Total comprehensive income for the year		–	–	5,640	–	(227)	(179)	–	10,220	15,454	100	15,554
Transfer from other reserves		–	–	–	–	–	–	(10)	10	–	–	–
Dividend approved in respect of the previous financial year	12(b)	–	–	–	–	–	–	–	(6,294)	(6,294)	–	(6,294)
Dividend declared and paid in respect of the current year	12(a)	–	–	–	–	–	–	–	(2,421)	(2,421)	–	(2,421)
Share of associates' and joint ventures' reserves		–	–	–	–	22	–	–	(5)	17	–	17
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	–	(113)	(113)
Advance from non-controlling interests, net	29(b)	–	–	–	–	–	–	–	–	–	56	56
Balance at 31 December 2020		52,345	16	3,379	(1)	259	(136)	191	271,554	327,607	4,585	332,192

Consolidated Statement of Changes in Equity

for the year ended 31 December 2021

		Attributable to equity shareholders of the Company										
	Note	Share capital HK$ million	Property revaluation reserve HK$ million	Exchange reserve HK$ million	Fair value reserve (recycling) HK$ million	Fair value reserve (non-recycling) HK$ million	Hedging reserve HK$ million	Other reserves HK$ million	Retained profits HK$ million	Total HK$ million	Non-controlling interests HK$ million	Total equity HK$ million
Balance at 1 January 2021		52,345	16	3,379	(1)	259	(136)	191	271,554	327,607	4,585	332,192
Changes in equity for 2021:												
Profit for the year		–	–	–	–	–	–	–	13,195	13,195	165	13,360
Other comprehensive income for the year	13(c)	–	–	2,700	1	(95)	101	–	35	2,742	23	2,765
Total comprehensive income for the year		–	–	2,700	1	(95)	101	–	13,230	15,937	188	16,125
Transfer to retained profits upon disposal of equity investments		–	–	–	–	(5)	–	–	5	–	–	–
Deregistration of a subsidiary		–	–	–	–	–	–	(2)	–	(2)	–	(2)
Dividend approved in respect of the previous financial year	12(b)	–	–	–	–	–	–	–	(6,294)	(6,294)	–	(6,294)
Dividend declared and paid in respect of the current year	12(a)	–	–	–	–	–	–	–	(2,421)	(2,421)	–	(2,421)
Share of associates' reserves		–	–	–	–	(3)	–	–	192	189	–	189
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	–	(239)	(239)
Advance from non-controlling interests, net	29(b)	–	–	–	–	–	–	–	–	–	115	115
Additions due to the Group's obtaining of control in a former listed associate *(note)*		–	–	–	–	–	–	–	–	–	12,450	12,450
Reclassification from amounts due to non-controlling interests		–	–	–	–	–	–	–	–	–	72	72
Acquisition of additional equity interest in a listed subsidiary		–	–	–	–	–	–	–	4	4	(12)	(8)
Balance at 31 December 2021		52,345	16	6,079	–	156	(35)	189	276,270	335,020	17,159	352,179

Note: This relates to the non-controlling interests of Miramar Hotel and Investment Company, Limited ("Miramar") in which the Group had obtained control on 14 April 2021 (see note 5).

The notes on pages 192 to 304 form part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2021

	Note	2021 HK$ million	2020 HK$ million
Operating activities			
Profit before taxation		**15,378**	12,714
Adjustments for:			
– Interest income		**(1,107)**	(1,152)
– Dividend income from investments designated as financial assets at fair value through other comprehensive income ("FVOCI") and investments measured as financial assets at fair value through profit or loss ("FVPL")	8(d)	**(116)**	(88)
– Net gain on disposal of investment properties	7	**(162)**	(229)
– Gain on re-measurement of previously held interest in a former associate upon obtaining of control	7	**(1,889)**	–
– (Reversal of provision)/provision on inventories, net	7	**(77)**	4
– Impairment loss on trade debtors	7	**1**	6
– Net fair value (gain)/loss on investments measured as financial assets at FVPL	7	**(174)**	366
– Net fair value (gain)/loss on derivative financial instruments at FVPL:			
Interest rate swap contracts, cross currency interest rate swap contracts, cross currency swap contracts and foreign exchange forward contracts (for which no hedge accounting was applied during the year)	7	**(259)**	507
– (Increase)/decrease in fair value of investment properties and investment properties under development	16(a)	**(59)**	2,413
– Finance costs			
– On bank and other borrowings	8(a)	**2,073**	2,158
– On lease liabilities	8(a)	**20**	22
– Amount capitalised	8(a)	**(1,493)**	(1,622)
– Amortisation of trademarks	8(d)	**3**	–
– Depreciation			
– On other property, plant and equipment	8(d)	**146**	77
– On right-of-use assets	8(d)	**356**	351
– Share of profits less losses of associates		**(2,193)**	(2,524)
– Share of profits less losses of joint ventures		**(1,627)**	(636)
– Net foreign exchange gain		**(24)**	(259)
– Other cash flows from operating activities		**(139)**	67
Operating profit before changes in working capital		**8,658**	12,175
Decrease/(increase) in instalments and loans receivable		**1,748**	(91)
Decrease in deposits for acquisition of properties		**261**	227
(Increase)/decrease in inventories (other than through obtaining of control in Miramar, acquisitions of subsidiaries, transfers to investment properties and investment properties under development and transfers from other land and buildings)		**(7,934)**	953
Decrease in debtors, prepayments and deposits		**335**	1,555
Decrease/(increase) in gross amount due from customers for contract work		**1**	(24)

Consolidated Cash Flow Statement

for the year ended 31 December 2021

	Note	**2021 HK$ million**	2020 HK$ million
Operating profit before changes in working capital **(continued)**			
(Increase)/decrease in cash held by stakeholders		**(124)**	95
Increase in cash restricted for use		**(171)**	(112)
Increase/(decrease) in creditors and accrued expenses		**1,998**	(75)
Increase in gross amount due to customers for contract work		**2**	–
Increase/(decrease) in rental and other deposits received		**70**	(55)
Decrease in forward sales deposits received and other contract liabilities		**(2,509)**	(6,441)
Cash generated from operations		**2,335**	8,207
Interest received		**613**	399
Tax paid			
– Hong Kong		**(1,375)**	(826)
– Outside Hong Kong		**(888)**	(708)
Net cash generated from operating activities		**685**	7,072
Investing activities			
Payment for purchase of investment properties and other property, plant and equipment		**(54,850)**	(2,562)
Proceeds from disposal of investment properties and other property, plant and equipment		**681**	630
Repayment from associates, net		**1,069**	412
Repayment from/(advances to) joint ventures, net		**4,042**	(1,180)
Additional investments in associates		**(2)**	(254)
Additional investments in joint ventures		**(8,406)**	(2,692)
Payment for purchase of investments measured as financial assets at FVPL		**(2)**	(381)
Payment for purchase of corporate bonds		**(8)**	–
Proceeds from disposal of investments in equity securities designated as financial assets at FVOCI and investments measured as financial assets at FVPL		**36**	–
Net cash inflow arising from the Group's obtaining of control in a former listed associate	5	**5,176**	–
Net cash outflow in respect of the acquisitions of subsidiaries	39	**–**	(124)
Interest received		**495**	492
Dividends received from associates		**2,723**	2,894
Dividends received from joint ventures		**1,106**	935
Dividends received from investments in equity securities designated as financial assets at FVOCI and investments measured as financial assets at FVPL		**116**	88
(Increase)/decrease in deposits with banks and other financial institutions over three months of maturity at acquisition		**(2,219)**	626
(Increase)/decrease in structured bank deposits		**(1)**	142
Net cash used in investing activities		**(50,044)**	(974)

	Note	**2021 HK$ million**	2020 HK$ million
Financing activities			
Advance from non-controlling interests, net	29(b)	**115**	56
Proceeds from new bank loans	29(b)	**59,777**	29,706
Repayment of bank loans	29(b)	**(53,341)**	(41,952)
Proceeds from issue of guaranteed notes	29(b)	**9,589**	8,487
Repayment of guaranteed notes	29(b)	**(3,074)**	(1,484)
Increase in amount due to a fellow subsidiary	29(b)	**49,321**	3,652
Increase in amounts due to related companies	29(b)	**881**	2,085
Payments of principal portion of lease liabilities	29(b)	**(389)**	(348)
Interest and other borrowing costs paid	29(b)	**(1,874)**	(2,125)
Dividends paid to equity shareholders of the Company	12	**(8,715)**	(8,715)
Dividends paid to non-controlling interests		**(239)**	(113)
Net cash generated from/(used in) financing activities		**52,051**	(10,751)
Net increase/(decrease) in cash and cash equivalents		**2,692**	(4,653)
Cash and cash equivalents at 1 January		**5,357**	9,634
Effect of foreign exchange rate changes		**55**	376
Cash and cash equivalents at 31 December	29(a)	**8,104**	5,357

The notes on pages 192 to 304 form part of these financial statements.

Notes to the financial statements

for the year ended 31 December 2021

1 General information

Henderson Land Development Company Limited ("the Company") is incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited. The address of the Company's registered office and principal place of business is 72/F-76/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are property development and investment, operation and management of department stores and supermarket-cum-stores, hotel operation and management, construction, finance, investment holding, project management, property management, agency services, cleaning and security guard services, food and beverage operation and travel operation.

2 Significant accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance (Cap. 622) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). A summary of the significant accounting policies adopted by the Company and its subsidiaries (collectively referred to as "the Group") is set out below.

2 Significant accounting policies (continued)

(b) Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company, which are relevant to the Group's consolidated financial statements for the current accounting period:

- Amendment to HKFRS 16, *COVID-19-related rent concessions beyond 30 June 2021*
- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform – phase 2*

Amendment to HKFRS 16, COVID-19-related rent concessions beyond 30 June 2021 ("2021 amendment")

The Group previously applied the practical expedient under HKFRS 16, *Leases* such that the Group or any of its subsidiaries, as lessee, was not required to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met. One of these conditions requires the reduction in lease payments affect only payments originally due on or before 30 June 2021.

Under the 2021 amendment, such time limit is extended to 30 June 2022. With the extended time limit, certain rent concessions that were previously ineligible for the practical expedient because of the original time limit has now become eligible. These rent concessions are recognised in profit or loss in the period during which the event or condition which triggers the lease payments has occurred.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest rate benchmark reform – phase 2

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications; and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates ("IBOR") ("IBOR reform").

During the year ended 31 December 2021, the Group had certain outstanding bank loans advanced from a bank and which are hedged against interest rate risk and foreign currency risk by way of cross currency interest rate swap contracts. Prior to 13 December 2021, 22 December 2021 and 30 December 2021 (as the case may be) (the "Relevant Dates"), the Group paid interest expenses to such bank on those bank loans, and the Group received interest payments from such bank on the swap contracts, on the basis of the same IBOR and in equal amounts. On the Relevant Dates, the Group and such bank had both selected Tokyo Overnight Average Rate ("TONA") as the alternative benchmark rate ("Benchmark Rate") under the IBOR reform. As a result, commencing from the Relevant Dates, the Group paid interest expenses to such bank on those bank loans, and the Group received interest payments from such bank on the swap contracts, on the basis of the same Benchmark Rate and in equal amounts. The directors of the Company ("Directors") have assessed and considered that under the adoption of IBOR or the Benchmark Rate in respect of those bank loans, there is minimal mismatch risk.

2 Significant accounting policies (continued)

(b) Changes in accounting policies (continued)

The details of the accounting policies and related disclosures about risks, financial instruments indexed to interbank offered rates and hedge accounting are disclosed in note 2(i) and note 4(e)(i) respectively.

The Directors have assessed and considered that none of the abovementioned amendments has any material impact on the Group's financial position at 31 December 2021 or the Group's financial performance for the year then ended.

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments to HKFRSs which are not yet effective for the financial year ended 31 December 2021 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to HKAS 16, *Property, plant and equipment: Proceeds before intended use*	1 January 2022
Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts – costs of fulfilling a contract*	1 January 2022
Amendments to HKFRS 3, *Business combinations: Reference to the Conceptual Framework*	1 January 2022
Annual Improvements to HKFRSs 2018-2020 Cycle	1 January 2022
Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current*	1 January 2023
Amendments to HKAS 1, *Presentation of financial statements* and HKFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*	1 January 2023
Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*	1 January 2023
Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*	1 January 2023

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that, the adoption of them is unlikely to have a significant impact on the Group's consolidated financial statements.

2 Significant accounting policies (continued)

(c) Basis of preparation of the consolidated financial statements

The consolidated financial statements for the year ended 31 December 2021 comprise those of the Company and its subsidiaries and have equity accounted for the Group's interests in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

– investments designated as financial assets at fair value through other comprehensive income (see note 2(g));

– investments measured as financial assets at fair value through profit or loss (see note 2(g));

– derivative financial instruments (see note 2(h)); and

– investment properties and certain investment properties under development (see note 2(j)(i)).

The preparation of these consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Given that the COVID-19 pandemic and the subsequent Omicron variant have caused and will likely continue to cause disruptions to economic activities, the uncertainties associated with accounting estimates and assumptions may also be increased accordingly.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and the key sources of estimation uncertainty are discussed in note 3.

2 Significant accounting policies (continued)

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests' attributable share of the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(g)) or, where appropriate, the cost on initial recognition of an investment in an associate or a joint venture (see note 2(e)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(n)).

2 Significant accounting policies (continued)

(e) Associates and joint arrangements

(i) An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in financial and operating policy decisions.

A joint venture is a joint arrangement whereby the Group or the Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post-acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 2(n)). Any excess of acquisition-date fair value over cost, the Group's share of the post-acquisition post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investee's other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not re-measured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(g)).

In the Company's statement of financial position, investments in associates and joint ventures are stated at cost less impairment losses (see note 2(n)).

(ii) A joint operation is a joint arrangement whereby the Group and other parties contractually agree to share control of the arrangement, and have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group recognises its interest in the joint operation by combining the assets, liabilities, revenues and expenses attributable to its interest with similar items on a line-by-line basis. Consistent accounting policies are applied for like transactions and events in similar circumstances.

2 Significant accounting policies (continued)

(f) Goodwill

Goodwill represents the excess of:

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, and is tested annually for impairment (see note 2(n)).

On disposal of a cash-generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(g) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are as follows:

Investments in debt and equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except for those investments measured at fair value through profit or loss for which transaction costs are recognised directly in profit or loss and where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

– Amortised cost, if the investment is held for the collection of contractual cash flows which represents solely payments of principal and interest. Interest income from the investment is calculated using the effective interest rate method (see note 2(x)(iii)).

– Fair value through other comprehensive income ("FVOCI") (recycling), if the contractual cash flows of the investment comprises solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses ("ECLs"), interest income (calculated using the effective interest rate method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

– Fair value through profit or loss ("FVPL") if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

2 Significant accounting policies (continued)

(g) Other investments in debt and equity securities (continued)

Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment, the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained profits. It is not recycled through profit or loss. Dividend income from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI (non-recycling), are recognised in profit or loss as dividend income in accordance with the accounting policy set out in note 2(x)(vii).

(h) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period, the fair value is re-measured. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged (see note 2(i)).

(i) Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with changes in foreign exchange rate and variable rate of certain borrowings (cash flow hedges). The Group has elected to adopt the new general hedge accounting model in HKFRS 9, *Financial instruments* on 1 July 2020. Depending on the complexity of the hedge, this new accounting model allows a more qualitative approach to assessing hedge effectiveness compared to HKAS 39, *Financial instruments: Recognition and measurement*, and the assessment is always forward-looking. The adoption of HKFRS 9 has not had a significant impact on the consolidated financial statements of the Group in this regard because all the previous hedging relationships were revoked on 1 January 2020, prior to the Group's adoption of the new general hedge accounting model in HKFRS 9 on 1 July 2020.

Where a derivative financial instrument is designated as a hedging instrument in a cash flow hedge, the effective portion of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and accumulated separately in equity in the hedging reserve. The ineffective portion of any gain or loss is recognised immediately in profit or loss.

Forward element of forward foreign exchange contracts and foreign currency basis spread of financial instruments may be separated and excluded from the designated hedging instruments. If the Group excludes the forward element of a forward foreign exchange contract or the foreign currency basis spread of a financial instrument (the "excluded elements") from the designation of a hedging instrument, then the excluded elements may be separately accounted for as a cost of hedging. The fair value changes of the excluded elements are recognised in a separate component of equity to the extent that it relates to the hedged items.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gain or loss is reclassified from equity to be included in the initial cost or other carrying amount of the non-financial asset or liability.

For cash flow hedges other than those covered by the preceding policy statement, the associated gain or loss is reclassified from equity to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

2 Significant accounting policies (continued)

(i) Cash flow hedges (continued)

If a hedge no longer meets the criteria for hedge accounting (including when a hedging instrument expires or is sold, terminated or exercised), then hedge accounting is discontinued prospectively. When hedge accounting is discontinued but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point in time remains in equity until the transaction occurs and it is recognised in accordance with the above policy. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss is reclassified from equity to profit or loss immediately.

Hedges directly affected by IBOR reform
The Group has adopted the Phase 2 amendments of IBOR reform and retrospectively applied them from 1 January 2021.

When the basis for determining the contractual cash flows of the hedged item or hedging instrument changes as a result of IBOR reform and therefore there is no longer uncertainty arising in relation to the cash flows of the hedged item or the hedging instrument, the Group amends the hedge documentation of that hedging relationship to reflect the change(s) required by IBOR reform. For this purpose, the hedge designation is amended only to effect one or more of the following changes:

– designating an alternative benchmark rate as the hedged risk;

– updating the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or

– updating the description of the hedging instrument.

The Group amends the description of the hedging instrument only if all of the following conditions are met:

– it makes a change required by IBOR reform in changing the basis for determining the contractual cash flows of the hedging instrument, or uses another economically equivalent approach in changing the basis for determining the contractual cash flows of the original hedging instrument; and

– the original hedging instrument is not derecognised.

The Group amends the formal hedge documentation by the end of the reporting period during which a change required by IBOR reform is made to the hedged risk, hedged item or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

If changes are made in addition to those changes required by IBOR reform described above, then the Group firstly considers whether those additional changes result in the discontinuation of the hedge accounting relationship. If the additional changes do not result in the discontinuation of the hedge accounting relationship, then the Group amends the formal hedge documentation for changes required by IBOR reform as mentioned above.

Where, as required by IBOR reform, there is a change in the interest rate benchmark on which the hedged future cash flows had been based, for the purpose of determining whether the hedged future cash flows are expected to occur, the Group deems that the hedging reserve recognised in other comprehensive income for that hedging relationship is based on the alternative benchmark rate on which the hedged future cash flows will be based.

2 Significant accounting policies (continued)

(j) Investment properties and other property, plant and equipment

(i) Investment properties and investment properties under development

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties and investment properties under development are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(x)(ii).

(ii) Other property, plant and equipment

The following items of other property, plant and equipment are stated at cost less accumulated depreciation (see note 2(k)) and impairment losses (see note 2(n)):

– hotel properties;

– other land and buildings (except for freehold land); and

– plant and equipment.

Freehold land is stated at cost less impairment losses (see note 2(n)).

The cost of self-constructed items of other property, plant and equipment includes the costs of materials and direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs capitalised (see note 2(z)).

Gains or losses arising from the retirement or disposal of an item of other property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal. Any related revaluation surplus is transferred from the property revaluation reserve to retained profits and is not reclassified to profit or loss.

2 Significant accounting policies (continued)

(k) Depreciation

(i) Investment properties, investment properties under development and freehold land

No depreciation is provided on investment properties, investment properties under development and freehold land classified under other land and buildings.

(ii) Other land and buildings (except for freehold land) and hotel properties

Depreciation is provided on the cost of the leasehold land of properties over the unexpired terms of the leases. Cost of buildings thereon is depreciated on a straight-line basis over the unexpired terms of the respective leases or 40 years, if shorter.

Hotel properties are depreciated on a straight-line basis over the remaining lease terms.

(iii) Plant and equipment

Depreciation is calculated to write off the cost of plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

–	Leasehold improvements, furniture and fixtures	4 to 14 years
–	Others	4 to 14 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(iv) Right-of-use assets

Depreciation charge on the right-of-use assets is recognised using the straight-line method over a period of 2 years to 8 years, being the period from the date of the commencement/modification of a lease (other than a short-term lease and a lease of low-value asset of which the Company or any of its subsidiaries is a lessee and in relation to which the recognition exemption under HKFRS 16 is applicable) to the end of the term of the lease, taking into consideration any renewal options attaching thereto (if any).

(l) Trademarks

Trademarks are recognised due to consolidation of Miramar upon obtaining of control on 14 April 2021 (see note 5). Trademarks are recognised in relation to the hotel operation, food and beverage operation and travel operation of Miramar.

The trademark of Miramar's hotel operation has an indefinite useful life, and is assessed for impairment (see note 2(n)(iii)) annually by measuring its recoverable amount at the end of each reporting period and by comparison against its carrying amount on the same date.

The trademarks of Miramar's food and beverage operation and travel operation have finite useful lives, and are stated at cost less accumulated amortisation which is provided to write off the cost of such trademarks using the straight-line method over (i) a period of 20 years in relation to the trademarks of food and beverage operation; and (ii) a period of 30 years in relation to the trademarks of travel operation, commencing from the date on which these trademarks were recognised in the Group's consolidated financial statements, and both the period and method of amortisation are reviewed annually.

2 Significant accounting policies (continued)

(m) Leased assets

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for monetary consideration payable by the recipient of such right (i.e. the lessee). The right to control an identified asset is conveyed when the lessee has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

Under HKFRS 16, at the lease commencement date, the Group (as the lessee) recognises a right-of-use asset and a lease liability, except for (i) short-term leases that have lease term of 12 months or less; and (ii) leases of low-value assets to which the "practical expedient" under HKFRS 16 is applicable. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

When a lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest rate method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

When a lease is capitalised, the right-of-use asset recognised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset on the site at which it is located, discounted to their present value and less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(k)(iv) and 2(n)(iii) respectively), except for the right-of-use asset that meets the definition of an investment property (see note 2(j)) and an inventory (see note 2(o)).

The lease liability is re-measured when there is (i) a change in the future lease payments arising from a change in an index or rate; (ii) a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or (iii) a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents the right-of-use asset that does not meet the definition of an investment property separately from the lease liabilities in the consolidated statement of financial position.

2 Significant accounting policies (continued)

(n) Credit losses and impairment of assets

(i) Credit losses from financial instruments, contract assets and lease receivables

The Group recognises a loss allowance for ECLs on the following items:

– financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and loans to associates and joint ventures);

– contract assets as defined in HKFRS 15, *Revenue from contracts with customers* (see note 2(p));

– debt securities measured at FVOCI (recycling);

– lease receivables (which is included under "Debtors" within trade and other receivables); and

– loan commitments issued, which are not measured at FVPL.

Financial assets measured at fair value, including units in bond funds, equity securities measured at FVPL, equity securities designated at FVOCI (non-recycling), unlisted investment fund and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan; and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate;

– lease receivables: discount rate used in the measurement of the lease receivable;

– loan commitments: current risk-free rate adjusted for risks specific to the cash flows.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

2 Significant accounting policies (continued)

(n) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (continued)

Measurement of ECLs (continued)

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables, lease receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments (including loan commitments issued), the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

2 Significant accounting policies (continued)

(n) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (continued)

Significant increases in credit risk (continued)

For loan commitments, the date of initial recognition for the purpose of assessing ECLs is considered to be the date that the Group becomes a party to the irrevocable commitment. In assessing whether there has been a significant increase in credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of default occurring on the loan to which the loan commitment relates.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are re-measured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income

Interest income recognised in accordance with note 2(x)(iii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

2 Significant accounting policies (continued)

(n) Credit losses and impairment of assets (continued)

(ii) Credit losses from financial guarantees issued

The accounting policy for financial guarantees is set out in note 2(w)(i).

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the amount carried in "Trade and other payables" in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increases in credit risk as described in note 2(n)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

(iii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– other property, plant and equipment;

– right-of-use assets;

– goodwill;

– trademarks; and

– investments in subsidiaries, associates and joint ventures in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, the recoverable amount of goodwill is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

  The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

2 Significant accounting policies (continued)

(n) Credit losses and impairment of assets (continued)

(iii) Impairment of other assets (continued)

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measureable), or value in use (if determinable).

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iv) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the aforementioned interim period, the Group applies the same impairment testing, recognition and reversal criteria (see notes 2(n)(i), 2(n)(ii) and 2(n)(iii)) as it would at the end of the financial year.

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which such interim period relates.

(o) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost and net realisable value are determined as follows:

(i) Leasehold land held for development for sale

The cost of leasehold land, which is held for development for sale, represents the cost of acquisition and the premium, if any, payable to the relevant government authorities. Net realisable value is determined by reference to management estimates based on prevailing market conditions.

(ii) Properties held for/under development for sale

The cost of properties held for/under development for sale comprises specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, and an appropriate proportion of production overheads and borrowing costs capitalised (see note 2(z)). Net realisable value represents the estimated selling price, based on prevailing market conditions, less estimated costs of completion and costs to be incurred in selling the property.

2 Significant accounting policies (continued)

(o) Inventories (continued)

(iii) Completed properties for sale

The cost of completed properties for sale comprises the total land and development costs for that project, being all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition, and is determined by apportionment attributable to the unsold properties at the end of the reporting period. Net realisable value represents the estimated selling price, based on prevailing market conditions, less estimated costs to be incurred in selling the property.

(iv) Retail, catering stocks, trading goods and consumable stores

Cost is calculated using the weighted average cost formula and comprises all costs of purchase. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period in which the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(p) Construction contracts

A contract with a customer is classified by the Group as a construction contract when the contract relates to work on real estate assets under the control of the customer and therefore the Group's construction activities create or enhance an asset under the customer's control.

A contract asset is recognised when the Group recognises contract revenue (see note 2(x)(iv)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECLs in accordance with the policy set out in note 2(n)(i) and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related contract revenue (see note 2(x)(iv)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related contract revenue. In such cases, a corresponding receivable would also be recognised (see note 2(q)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

(q) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 2(p)).

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest rate method, less allowance for credit losses (see note 2(n)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for credit losses.

2 Significant accounting policies (continued)

(r) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest rate method.

(s) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2(w)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(t) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECLs in accordance with the accounting policy set out in note 2(n)(i).

(u) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued for in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(v) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided that those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

2 Significant accounting policies (continued)

(v) Income tax (continued)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided that they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(j)(i), the amount of deferred tax recognised is measured using the tax rates that would apply on the sale of those assets at their carrying value at the end of the reporting period, unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets or liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to realise the assets and settle the liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or realised, intend to realise the current tax assets and settle the current tax liabilities on a net basis, or to realise the current tax assets and settle the current tax liabilities simultaneously.

2 Significant accounting policies (continued)

(w) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued.

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(x) Revenue recognition

(i) Sale of properties

Revenue arising from the sale of properties held for sale is recognised in the Group's consolidated statement of profit or loss on the basis that control over the ownership of the property has been passed to the customer during the current accounting period, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all the benefits of ownership of the property. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position under forward sales deposits received.

(ii) Rental income from leases

Rental income receivable under leases is recognised in profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

2 Significant accounting policies (continued)

(x) Revenue recognition (continued)

(iii) Interest income

Interest income is recognised as it accrues using the effective interest rate method. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of allowance) of the asset.

(iv) Contract revenue

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised progressively over time using the cost-to-cost method, i.e. based on the proportion of the actual costs incurred relative to the estimated total costs.

The likelihood of the Group earning contractual bonuses for early completion or suffering contractual penalties for late completion are taken into account in making these estimates, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised in accordance with the policy set out in note 2(w)(ii).

(v) Hotel, food and beverage and travel operations

Income from hotel, food and beverage and travel operations is recognised when the relevant services are provided.

(vi) Department stores and supermarket-cum-stores operations

Revenue arising from the sale of goods from department stores and supermarket-cum-stores operations is recognised at a point in time when the Group sells a product to the customer, which is taken to be the point in time when the customer has obtained control of the goods sold. Revenue is recognised after deduction of any trade discounts. Commission income from consignment and concessionaire counters is recognised at a point in time of the sale of goods by counter suppliers. Promotion income is recognised over time when the services are provided.

(vii) Dividend income

– Dividend income from unlisted investments is recognised when the shareholder’s right to receive payment is established.

– Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(viii) Government grants

Government grants are recognised at their fair value where there is a reasonable assurance that the grants will be received and all the attached conditions (if any) will be complied with. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

2 Significant accounting policies (continued)

(y) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the transaction dates. Items in the statement of financial position, including goodwill arising on consolidation of foreign operations acquired on or after 1 July 2005, are translated into Hong Kong dollars at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve. Goodwill arising on consolidation of a foreign operation acquired before 1 July 2005 is translated into Hong Kong dollars at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(z) Borrowing costs

Borrowing costs that are directly attributable to the construction of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or are completed.

(aa) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or a joint venture of the other entity (or an associate or a joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.

2 Significant accounting policies (continued)

(aa) Related parties (continued)

(b) An entity is related to the Group if any of the following conditions applies: (continued)

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a) above.

(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of the Group of which it is a part, provides key management personnel services to the Group or to the Group’s parent.

Close family members of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(ab) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group’s most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group’s various lines of businesses and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 Accounting estimates and judgements

The key sources of estimation uncertainty and critical accounting judgements in applying the Group’s accounting policies are described below.

(a) Valuation of investment properties and certain investment properties under development

As described in note 16, investment properties and certain investment properties under development are stated at fair value based on the valuation performed by a firm of professional surveyors.

In determining the fair value of investment properties, the valuers have based on a method of valuation which involves, inter alia, certain estimates including current market rents for similar properties in the same location and condition, appropriate discount rates and expected future market rents. In relying on the valuation report, management has exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions.

Certain investment properties under development are valued by estimating the fair value of such properties as if they were completed in accordance with the relevant development plan and then deducting from that amount the estimated costs to complete the construction, financing costs and a reasonable profit margin.

3 Accounting estimates and judgements (continued)

(b) Write-down of inventories for property development

Management performs a regular review on the carrying amounts of inventories for property development. Based on management's review, write-down of inventories for property development will be made when the estimated net realisable value has declined below the carrying amount.

In determining the net realisable value of completed properties for sale, management refers to prevailing market data such as recent sales transactions, market survey reports available from property surveyors and internally available information, as bases for evaluation.

In respect of leasehold land held for development for sale and properties held for/under development for sale, the estimate of net realisable value requires the application of a risk-adjusted discount rate to the estimated future cash flows to be derived from those properties. These estimates require judgement as to the anticipated selling prices by reference to recent sales transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and the estimated costs to completion of properties, the legal and regulatory framework and general market conditions.

(c) Impairment of non-current assets

If circumstances indicate that the carrying amounts of non-current assets may not be recoverable, the assets may be considered impaired and are tested for impairment. An impairment loss is recognised when the asset's recoverable amount has declined below its carrying amount. The recoverable amount is the greater of the fair value less costs of disposal and value in use. In determining the recoverable amount which requires significant judgements, the Group estimates the future cash flows to be derived from the continuing use and ultimate disposal of the asset and applies an appropriate discount rate to these future cash flows.

(d) Recognition of deferred tax assets

At 31 December 2021, the Group has recognised deferred tax assets in relation to the unused tax losses and deductible temporary differences as set out in note 11(c). The realisability of deferred tax assets mainly depends on whether it is probable that future taxable profits will be available against which related tax benefits under the deferred tax assets can be utilised, in which case a partial reversal of deferred tax assets may arise and which amount will be recognised in profit or loss for the period in which such a reversal takes place.

4 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity, foreign currency and interest rate risks arises in the normal course of the Group's business. The Group is also exposed to price risk arising from its financial investments. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to bank deposits, derivative financial instruments as well as instalments, loans, rental and other trade receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

4 Financial risk management and fair values of financial instruments (continued)

(a) Credit risk (continued)

Cash is deposited with financial institutions with sound credit ratings and the Group has exposure limit to any single financial institution. Transactions involving derivative financial instruments are also executed with counterparties of sound credit standing. Given their high credit ratings, management does not expect any of these financial institutions will fail to meet their obligations.

Regular review and follow-up actions are carried out on overdue amounts of instalments receivable from sale of properties and loans receivable which enable management to assess their recoverability and to minimise the exposure to credit risk. In relation to property sales for which the buyers have entered into mortgage loans advanced by the Group, management mitigates the credit risk by holding collateral in the form of properties to cover the amounts of mortgage loans advanced by the Group to the property buyers. In respect of rental income from leasing properties, monthly rents are received in advance and sufficient rental deposits are held to cover potential exposure to credit risk. For other trade receivables, credit terms given to customers are generally based on the financial strength and repayment history of each customer, and (i) for property sales transactions, credit terms are granted to buyers in accordance with the sales plans of the projects; and (ii) for property leasing transactions, credit terms granted to tenants generally ranged between 30 days and 60 days from the due date. As such, the Group does not obtain collateral from its customers. An ageing analysis of the receivables is prepared on a regular basis and is closely monitored to minimise any credit risk associated with the receivables. Adequate allowances for impairment losses have been made for estimated irrecoverable amounts.

The Group has made advances to certain of its associates and joint ventures in mainland China which are interest-bearing, unsecured and have various repayment dates. Management assesses the credit risk on the loans receivable from such associates and joint ventures based on their financial conditions and the profitability of the projects operated by such associates and joint ventures, as well as the counterparty risks of the joint venture partners with reference to their credit ratings.

The Group has no concentrations of credit risk in view of its large number of customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. Except for the financial guarantees given by the Group as disclosed in note 42 to these financial statements, the Group does not provide any other guarantee which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group’s exposure to credit risk arising from trade and other receivables are set out in note 27 to these financial statements.

(b) Liquidity risk

The treasury function of the Group is arranged centrally to cover expected cash demands. The Group’s policy is to regularly monitor its current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. Given that the COVID-19 pandemic and the subsequent Omicron variant have caused and will likely continue to cause disruptions to economic activities, the Group has adopted appropriate policies for its liquidity risk management practices which takes into account the use of alternative sources of funding where necessary. This includes the Group’s available cash and bank balances (see note 29(a)), the Group’s investments in listed securities (see note 24) which are realisable into cash, the committed and uncommitted banking facilities available to the Group (see note 32), and the capacity for the issuance of guaranteed notes under the Group’s Medium Term Note Programme (see note 33).

4 Financial risk management and fair values of financial instruments (continued)

(b) Liquidity risk (continued)

Given the amount due to a fellow subsidiary (see note 34), amounts due to certain associates and certain joint ventures (see note 30) have no fixed terms of repayment, it is not practical to disclose their remaining contractual maturities at the end of the reporting period. Except for these, the following tables set out the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date on which the Group can be required to pay:

	2021 Contractual undiscounted cash outflow						2020 Contractual undiscounted cash outflow					
	Within 1 year or on demand HK$ million	More than 1 year but less than 2 years HK$ million	More than 2 years but less than 5 years HK$ million	More than 5 years HK$ million	Total HK$ million	Carrying amount HK$ million	Within 1 year or on demand HK$ million	More than 1 year but less than 2 years HK$ million	More than 2 years but less than 5 years HK$ million	More than 5 years HK$ million	Total HK$ million	Carrying amount HK$ million
Bank loans	30,801	12,301	13,352	19,604	76,058	74,358	26,747	14,641	13,479	15,333	70,200	68,666
Guaranteed notes	2,240	9,855	8,945	7,155	28,195	25,381	3,585	2,006	8,862	7,219	21,672	18,753
Lease liabilities	304	169	97	–	570	541	351	266	177	–	794	773
Creditors and accrued expenses	8,582	–	–	–	8,582	8,582	6,182	–	–	–	6,182	6,182
Rental and other deposits received	816	549	526	75	1,966	1,966	698	506	379	37	1,620	1,620
Amounts due to associates and joint ventures	2,466	–	–	–	2,466	2,426	1,608	–	–	–	1,608	1,569
Amounts due to related companies	111	2,724	552	–	3,387	3,176	17	151	2,187	–	2,355	2,137
	45,320	25,598	23,472	26,834	121,224	116,430	39,188	17,570	25,084	22,589	104,431	99,700

	2021 Contractual undiscounted cash inflow/(outflow)					2020 Contractual undiscounted cash inflow/(outflow)				
	Within 1 year or on demand HK$ million	More than 1 year but less than 2 years HK$ million	More than 2 years but less than 5 years HK$ million	More than 5 years HK$ million	Total HK$ million	Within 1 year or on demand HK$ million	More than 1 year but less than 2 years HK$ million	More than 2 years but less than 5 years HK$ million	More than 5 years HK$ million	Total HK$ million
Derivative settled net:										
Interest rate swap contracts held as cash flow hedging instruments:	(80)	(80)	(169)	(79)	(408)	(78)	(70)	(195)	(107)	(450)
Other interest rate swap contracts	(116)	(109)	(79)	67	(237)	(155)	(111)	(192)	83	(375)
Derivative settled gross:										
Cross currency interest rate swap contracts held as cash flow hedging instruments:										
– outflow	(2,684)	(6,451)	(9,772)	(3,935)	(22,842)	(2,779)	(2,614)	(8,563)	(5,831)	(19,787)
– inflow	2,965	6,721	9,822	3,938	23,446	3,006	2,911	8,820	6,075	20,812
Other cross currency interest rate swap contracts and cross currency swap contracts:										
– outflow	(165)	(3)	(88)	–	(256)	(2,016)	(165)	(10)	(81)	(2,272)
– inflow	166	4	90	–	260	2,012	165	12	81	2,270

4 Financial risk management and fair values of financial instruments (continued)

(c) Financial risk management of the exposure of the Group's borrowings to foreign currency risk and interest rate risk

At 31 December 2021 and 31 December 2020, the Group's borrowings, namely, bank loans and guaranteed notes, were denominated in Hong Kong dollars ("HK$" or "HKD") as well as foreign currencies such as United States dollars ("US$" or "USD"), Renminbi ("RMB"), Japanese Yen ("¥" or "JPY") and Australian dollars ("AUD"). Certain of these borrowings also bear floating interest rates during their tenure. Therefore, foreign currency risk and/or interest rate risk arise(s) during the tenure of these borrowings.

The Group hedges the foreign currency risk of its borrowings which are denominated in foreign currencies by way of cross currency interest rate swap contracts, cross currency swap contracts or combinations of cross currency interest rate swap contracts and interest rate swap contracts which were entered into between the Group and certain counterparty banks. The Group also hedges the interest rate risk of its borrowings which are denominated in HKD by way of interest rate swap contracts which were entered into between the Group and certain counterparty banks.

4 Financial risk management and fair values of financial instruments (continued)

(c) Financial risk management of the exposure of the Group's borrowings to foreign currency risk and interest rate risk (continued)

Set out below is a table which summarises the Group's hedging arrangement in relation to the Group's borrowings at 31 December 2021 and 31 December 2020:

	2021				2020			
			Notional amount				Notional amount	
Hedged item	Denominating currency	Hedging risk category	in foreign currency million	in HKD million	Denominating currency	Hedging risk category	in foreign currency million	in HKD million
(I) Hedging arrangement at the end of the reporting period								
(a) Under cash flow hedge								
Bank loans	HKD	(i)	**1,000**	**1,000**				
	RMB	(ii)	**2,000**	**2,447**	RMB	(ii)	2,000	2,374
	JPY	(iii)	**58,000**	**3,931**	JPY	(iii)	58,000	4,359
	AUD	(iii)	**436**	**2,466**	AUD	(iii)	845	5,048
Guaranteed notes	HKD	(i)	**968**	**968**	HKD	(i)	968	968
	RMB	(iii)	**4,532**	**5,545**	RMB	(iii)	200	237
	USD	(iii)	**930**	**7,252**	USD	(iii)	900	6,977
	JPY	(iii)	**1,994**	**135**	JPY	(iii)	1,994	150
Sub-total: under cash flow hedge				**23,744**				20,113
(b) Under economic hedge								
Bank loans	HKD	(i)	**5,850**	**5,850**	HKD	(i)	10,500	10,500
					USD	(ii)	257	1,994
Guaranteed notes	HKD	(i)	**2,915**	**2,915**	HKD	(i)	4,115	4,115
	USD	(iii)	**30**	**234**	USD	(iii)	30	233
Sub-total: under economic hedge				**8,999**				16,842
Total: Hedging arrangement at the end of the reporting period				**32,743**				36,955

4 Financial risk management and fair values of financial instruments (continued)

(c) Financial risk management of the exposure of the Group's borrowings to foreign currency risk and interest rate risk (continued)

	2021				2020			
			Notional amount				Notional amount	
Hedged item	Denominating currency	Hedging risk category	in foreign currency million	in HKD million	Denominating currency	Hedging risk category	in foreign currency million	in HKD million
(II) No hedging arrangement at the end of the reporting period								
Bank loans	HKD		**57,373**	**57,373**	HKD		43,434	43,434
	RMB		**1,116**	**1,366**	RMB		882	1,046
Guaranteed notes	HKD		**8,391**	**8,391**	HKD		6,136	6,136
Total: No hedging arrangement at the end of reporting period				**67,130**				50,616
				99,873				87,571
Less: Deferred expenditure set off				**(134)**				(152)
Total bank and other borrowings (in HKD equivalent)				**99,739**				87,419
Represented by:								
Bank loans			**(note 32)**	**74,358**			(note 32)	68,666
Guaranteed notes			**(note 33)**	**25,381**			(note 33)	18,753
Total bank and other borrowings (in HKD equivalent)				**99,739**				87,419

Notes:

Category (i): Interest rate risk is/was being hedged

Category (ii): Foreign currency risk is/was being hedged

Category (iii): Foreign currency and interest rate risks are/were being hedged

4 Financial risk management and fair values of financial instruments (continued)

(c) Financial risk management of the exposure of the Group's borrowings to foreign currency risk and interest rate risk (continued)

As referred to in the table above, (i) "cash flow hedge" refers to the hedging relationship between the Group's hedging instrument (being the swap contract) and hedged item (being the borrowing) under which hedge effectiveness is ensured and hence the Group applies hedge accounting; and (ii) "economic hedge" refers to the hedging relationship between the Group's hedging instrument (being the swap contract) and hedged item (being the borrowing) under which the Group does not apply hedge accounting.

Further details regarding the Group's financial risk management over the foreign currency risk and interest rate risk of the Group's financial assets and financial liabilities are referred to in note 4(d) and note 4(e) respectively.

(d) Foreign currency risk

The Group owns assets and conducts its businesses primarily in Hong Kong and mainland China with its cash flows substantially denominated in Hong Kong dollars and Renminbi, respectively. The Group reports its results in Hong Kong dollars.

The Group's primary foreign currency exposure arises from its property development and investment activities in mainland China, as the functional currency of these operations is Renminbi. Where appropriate and cost efficient, the Group seeks to finance these investments by Renminbi borrowings with reference to the future Renminbi funding requirements from the investments and the related returns to be generated therefrom, and thereby establishing a natural hedge against any foreign currency risk arising from assets and liabilities denominated in Renminbi.

The Group is also exposed to foreign currency risk in respect of cash deposits denominated in United States dollars, Pound sterling, Renminbi and other currencies (all of which were not hedged at 31 December 2021 and 31 December 2020, except for a substantial portion of cash deposits denominated in Pound sterling at 31 December 2021). At 31 December 2021, the Group's cash deposits denominated in United States dollars amounted to US$104 million which was equivalent to HK$809 million (2020: US$47 million which was equivalent to HK$364 million). The Group does not expect that there will be any significant foreign currency risk associated with the aforementioned cash deposits denominated in United States dollars given that the Hong Kong dollar is pegged to the United States dollar. At 31 December 2021, the Group's cash deposits denominated in Renminbi amounted to RMB1,570 million which was equivalent to HK$1,920 million (2020: RMB2,374 million which was equivalent to HK$2,821 million). Since such cash deposits denominated in Renminbi were not hedged against the foreign currency risk arising from the difference in the exchange rates between Renminbi and Hong Kong dollar at the beginning and the end of the reporting period, the Group recognises an exchange gain or loss in the event of an appreciation or a depreciation of Renminbi against Hong Kong dollar during the reporting period. For cash deposits denominated in other currencies (other than the substantial portion of cash deposits denominated in Pound sterling which was hedged at 31 December 2021), since the balances were insignificant, the Group considered the exposure to foreign currency risk to be low.

4 Financial risk management and fair values of financial instruments (continued)

(d) Foreign currency risk (continued)

(i) Hedging

The following tables summarise and demonstrate the profile of the Group's hedging instruments at 31 December 2021 and 31 December 2020, as referred to in note 23, which provide cash flow hedge to the Group's bank loans and guaranteed notes during the years then ended.

	2021		
Currency	**Weighted average fixed interest rate**	**Weighted average exchange rate against HKD**	**Maturity profiles**
RMB	**1.55%**	**1.173**	**2 to 5 years**
USD	**2.68%**	**7.783**	**2 to 5 years or after 5 years**
JPY	**2.54%**	**0.072**	**2 to 5 years or after 5 years**
AUD	**2.22%**	**5.274**	**Within 1 year**
HKD	**1.51%**	**Not applicable**	**2 to 5 years**

	2020		
Currency	Weighted average fixed interest rate	Weighted average exchange rate against HKD	Maturity profiles
RMB	2.43%	1.101	Within 1 year, 2 to 5 years or after 5 years
USD	2.69%	7.783	2 to 5 years or after 5 years
JPY	2.54%	0.072	2 to 5 years or after 5 years
AUD	2.03%	5.322	Within 1 year or 2 to 5 years
HKD	2.34%	Not applicable	2 to 5 years

The hedging instruments, which were stated at fair value at 31 December 2021 (both assets and liabilities), are shown in note 23 "Derivative financial instruments".

The Group's hedging objective is to hedge the foreign currency exposure to the cash flows variability arising from the interest/coupon payments and principal repayments of the bank loans and guaranteed notes (as referred to above), as a result of the movements in the exchange rates between Hong Kong dollar (being the issuing entity's functional currency) and United States dollar, Japanese Yen, Renminbi and Australian dollar during the tenure and upon the maturity of such bank loans and guaranteed notes, so as to ensure cash flow certainty in Hong Kong dollar terms over a significant proportion of the Group's bank loans and guaranteed notes denominated in foreign currencies whilst the Group's overall effective financing cost could be maintained at a reasonably low level. Under the Group's cash flow hedge arrangement, the terms of the hedging instruments basically match with the terms of the hedged items, and the Group expects the value of the hedging instruments to move in the opposite direction as compared to the value of the hedged items, and thereby ensures hedge effectiveness. Therefore, the Group applies a hedge ratio of 1:1.

The main source of hedge ineffectiveness in these hedging relationships principally arises from any late designation of the hedging instrument.

4 Financial risk management and fair values of financial instruments *(continued)*

(d) Foreign currency risk *(continued)*

(i) Hedging (continued)

The following table sets out the Group's exposure at the end of the reporting period to foreign currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purpose, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rates at 31 December 2021 and 31 December 2020:

	2021 Exposure to foreign currencies in relation to assets and liabilities for which no hedge accounting is applied (expressed in HK$ million)			
	United States dollars	Renminbi	Euro dollars	Pound sterling
Cash and cash equivalents	**809**	**1,920**	**9**	**1,024**
Bank loans (note 4(c))	**–**	**(1,366)**	**–**	**–**
Guaranteed notes (note 4(c))	**(234)**	**–**	**–**	**–**
Amounts due to related companies (note 35)	**–**	**(3,176)**	**–**	**–**
Gross exposure arising from recognised assets and liabilities	**575**	**(2,622)**	**9**	**1,024**
Less:				
Notional amounts of cross currency interest rate swap contracts designated as economic hedge	**(234)**	**–**	**–**	**–**
Notional amounts of foreign exchange forward contracts in relation to cash and cash equivalents	**–**	**–**	**–**	**1,020**
Net exposure arising from recognised assets and liabilities (for which no hedge arrangement has been made)	**809**	**(2,622)**	**9**	**4**

4 Financial risk management and fair values of financial instruments (continued)

(d) Foreign currency risk (continued)

(i) Hedging (continued)

	2020			
	Exposure to foreign currencies in relation to assets and liabilities for which no hedge accounting is applied (expressed in HK$ million)			
	United States dollars	Renminbi	Singapore dollars	Euro dollars
Cash and cash equivalents	364	2,821	4	2
Bank loans (note 4(c))	(1,994)	(1,046)	–	–
Guaranteed notes (note 4(c))	(233)	–	–	–
Amount due to a related company (note 35)	–	(2,137)	–	–
Gross exposure arising from recognised assets and liabilities	(1,863)	(362)	4	2
Less:				
Notional amounts of cross currency interest rate swap contracts and cross currency swap contracts designated as economic hedge	(2,227)	–	–	–
Net exposure arising from recognised assets and liabilities (for which no hedge arrangement has been made)	364	(362)	4	2

(ii) Sensitivity analysis

Assuming that the relevant foreign currencies had strengthened/weakened by not more than 5% (2020: 5%) at 31 December 2021 and the changes had been applied to each of the Group entities' exposure to foreign currency risk for both derivative and non-derivative financial instruments denominated in a currency other than the functional currency of the entity to which they relate and in existence at that date, with all other variables held constant, the Group's profit after tax and total equity attributable to equity shareholders of the Company would increase/decrease by HK$28 million (2020: the Group's profit after tax and total equity attributable to equity shareholders of the Company would decrease/increase by HK$34 million).

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis for 2020.

4 Financial risk management and fair values of financial instruments (continued)

(e) Interest rate risk

(i) *Hedging*

For the profile of the Group's hedging instruments at 31 December 2021 and 31 December 2020 as referred to in note 23, which provide cash flow hedge to the Group's bank loans and guaranteed notes denominated in Hong Kong dollars during the years then ended, and for the profile of the Group's hedging instruments of interest rate swap contracts at 31 December 2021 and 31 December 2020 which provide cash flow hedge to the Group's guaranteed notes and bank loans denominated in United States dollars, Renminbi, Japanese Yen and Australian dollars, please refer to note 4(d) under foreign currency risk above.

The hedging instruments, which were stated at fair value at 31 December 2021 (both assets and liabilities), are shown in note 23 "Derivative financial instruments".

The Group's hedging objective is to hedge the interest rate exposure to the cash flows variability arising from the interest/coupon payments and principal repayments of the bank loans and guaranteed notes, denominated in Hong Kong dollars (as referred to above), as a result of the movements in the benchmark interest rates during the tenure and upon the maturity of such bank loans and guaranteed notes, so as to ensure cash flow certainty in Hong Kong dollar terms over a significant proportion of the Group's bank loans and guaranteed notes denominated in Hong Kong dollars whilst the Group's overall effective financing cost could be maintained at a reasonably low level. Under the Group's cash flow hedge arrangement, the terms of the hedging instruments basically match with the terms of the hedged items, and the Group expects the value of the hedging instruments to move in the opposite direction as compared to the value of the hedged items, and thereby ensures hedge effectiveness. Therefore, the Group applies a hedge ratio of 1:1.

The main source of hedge ineffectiveness in these hedging relationships principally arises from any late designation of the hedging instrument.

A fundamental review and reform of major interest rate benchmarks is being undertaken globally. The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. The Group's main IBOR exposure at 31 December 2020 was bank loans indexed to Japanese Yen LIBOR. The alternative reference rate for Japanese Yen LIBOR is TONA. Amendments were completed by 31 December 2021 to bank loans with contractual terms indexed to Japanese Yen LIBOR such that they incorporate TONA as the new benchmark rate.

The Group replaced its Japanese Yen LIBOR interest rate derivatives used in cash flow hedging relationships with economically equivalent interest rate derivatives referenced to TONA by the end of 2021. TONA is quoted each day and the IBOR cash flows are exchanged with counterparties as usual. Therefore, both hedged items and hedging instruments as at the reporting date are indexed to TONA and there is no longer uncertainty about when and how replacement may occur with respect to the relevant hedged items and hedging instruments.

4 Financial risk management and fair values of financial instruments (continued)

(e) Interest rate risk (continued)

(ii) Interest rate profile

The following table details the interest rate profile of the Group's bank loans and guaranteed notes after taking into account the effect of swap contracts, and of the lease liabilities, amount due to a fellow subsidiary and amounts due to related companies at the end of the reporting period.

	2021		
	Fixed/ floating	**Effective interest rate per annum**	**Amount HK$ million**
Lease liabilities	**Fixed**	**3.21%**	**541**
Bank loans	**Floating**	**0.61%-1.05%**	**51,041**
Bank loans	**Fixed**	**1.35%-3.65%**	**23,317**
Guaranteed notes	**Fixed**	**1.00%-5.74%**	**25,381**
Amount due to a fellow subsidiary	**Floating**	**0.72%-0.93%**	**53,710**
Amounts due to related companies	**Fixed**	**3.80%**	**3,176**

	2020		
	Fixed/ floating	Effective interest rate per annum	Amount HK$ million
Lease liabilities	Fixed	3.16%	773
Bank loans	Floating	0.49%-1.04%	41,088
Bank loans	Fixed	1.10%-3.68%	27,578
Guaranteed notes	Fixed	1.75%-5.74%	18,753
Amount due to a fellow subsidiary	Floating	1.60%	4,389
Amount due to a related company	Fixed	3.80%	2,137

(iii) Sensitivity analysis

Assuming that the interest rates had generally increased/decreased by not more than 100 basis points (2020: 100 basis points) at 31 December 2021 and the changes had been applied to the exposure to interest rate risk for both derivative and non-derivative financial liabilities in existence at that date, with all other variables held constant, the Group's profit after tax and total equity attributable to equity shareholders of the Company would decrease/increase by HK$180 million (2020: HK$85 million).

The sensitivity analysis above assumes the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to interest rate risk at the end of the reporting period. The analysis is performed on the same basis for 2020.

4 Financial risk management and fair values of financial instruments (continued)

(f) Movements in hedging reserve and cost of hedging reserve

The following table provides a reconciliation of the hedging reserve in respect of the foreign currency and interest rate risks and the interest rate risk and shows the effectiveness of the hedging relationships:

	Foreign currency and interest rate risks *(Note)* HK$ million	**Interest rate risk *(Note)* HK$ million**	**Total HK$ million**
Balance at 1 January 2021	**(281)**	**(13)**	**(294)**
Effective portion of the changes in fair value of hedging instruments recognised in other comprehensive income (below)	**(407)**	**22**	**(385)**
Other amounts reclassified to profit or loss	**(21)**	**–**	**(21)**
Reclassified to interest expenses	**102**	**6**	**108**
Reclassified to exchange differences	**642**	**–**	**642**
Related tax	**(52)**	**(5)**	**(57)**
Movement during the year	**264**	**23**	**287**
Balance at 31 December 2021	**(17)**	**10**	**(7)**
Change in fair value of hedged items during the year	**(407)**	**22**	**(385)**
Less:			
Hedge ineffectiveness recognised in profit or loss	**–**	**–**	**–**
Effective portion of the cash flow hedge recognised in other comprehensive income (above)	**(407)**	**22**	**(385)**

	Foreign currency and interest rate risks *(Note)* HK$ million	Interest rate risk *(Note)* HK$ million	Total HK$ million
Balance at 1 January 2020	(4)	–	(4)
Effective portion of the changes in fair value of hedging instruments recognised in other comprehensive income (below)	565	(15)	550
Cash flow hedges: reclassified from hedging reserve to profit or loss (note 7)	5	–	5
Other amounts reclassified to profit or loss	(7)	(1)	(8)
Reclassified to interest expenses	30	1	31
Reclassified to exchange differences	(925)	–	(925)
Related tax	55	2	57
Movement during the year	(277)	(13)	(290)
Balance at 31 December 2020	(281)	(13)	(294)
Change in fair value of hedged items during the year	570	(15)	555
Less:			
Hedge ineffectiveness recognised in profit or loss	(5)	–	(5)
Effective portion of the cash flow hedge recognised in other comprehensive income (above)	565	(15)	550

4 Financial risk management and fair values of financial instruments (continued)

(f) Movements in hedging reserve and cost of hedging reserve (continued)

The carrying balances of the hedging reserve at 31 December 2021 and 31 December 2020 relate to the Group's continuing cash flow hedge.

Note:

The foreign currency and interest rate risks are hedged by cross currency swap contracts and cross currency interest rate swap contracts, and the interest rate risk is hedged by interest rate swap contracts.

The following table provides a reconciliation of the cost of hedging reserve in respect of the foreign currency and interest rate risks and shows the effectiveness of the hedging relationships:

	Foreign currency basis spread HK$ million
Balance at 1 January 2020	–
Additions (note 13(b))	141
Reclassification adjustments for amounts transferred to profit or loss (note 13(b))	19
Related tax	(26)
Movement during the year	134
Balance at 31 December 2020	134
Balance at 1 January 2021	**134**
Fair value change on hedging instruments (note 13(b))	**(101)**
Reclassification adjustments for amounts transferred to profit or loss (note 13(b))	**(120)**
Related tax	**37**
Movement during the year	**(184)**
Balance at 31 December 2021	**(50)**

The carrying balances of the cost of hedging reserve at 31 December 2021 and 31 December 2020 relate to the Group's continuing cash flow hedge.

For the year ended 31 December 2021, the abovementioned increase in the hedging reserve of HK$287 million (after tax) (2020: decrease in hedging reserve of HK$290 million (after tax)) and the abovementioned decrease in the cost of hedging reserve of HK$184 million (after tax) (2020: increase in cost of hedging reserve of HK$134 million (after tax)) amount in aggregate to a net increase of HK$103 million (2020: net decrease of HK$156 million) in the Group's other comprehensive income, in the nature of cash flow hedges which may be reclassified subsequently to profit or loss during the year.

4 Financial risk management and fair values of financial instruments (continued)

(g) Price risk

The Group is exposed to risks arising from price and fair value changes in relation to investments designated as financial assets at FVOCI (non-recycling) and investments measured as financial assets at FVPL (see note 24).

Listed investments held in the portfolio have been chosen based on their long term growth potential and returns and are monitored regularly for performance against expectations. At 31 December 2021, assuming that the market value of the Group's listed investments designated as financial assets at FVOCI (non-recycling) had increased/decreased by not more than 10% (2020: 10%), with all other variables held constant, the total equity attributable to equity shareholders of the Company would increase/decrease by HK$12 million (2020: HK$8 million). Any increase or decrease in the market value of the Group's listed investments designated as financial assets at FVOCI (non-recycling) would not affect the Group's profit after tax. Assuming that the market value of the Group's listed investments measured as financial assets at FVPL had increased/decreased by not more than 10% (2020: 10%), with all other variables held constant, the Group's profit after tax and the total equity attributable to equity shareholders of the Company would increase/decrease by HK$137 million (2020: HK$113 million).

The sensitivity analysis above assumes that the changes in the stock market index or other relevant risk variables had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to price risk at the end of the reporting period. It is also assumed that the fair value of the Group's financial investments would change in accordance with the historical correlation with the relevant stock market index or other relevant risk variables, and that all other variables remain constant. The analysis is performed on the same basis for 2020.

(h) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

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

- Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

4 Financial risk management and fair values of financial instruments (continued)

(h) Fair value measurement (continued)

(i) Financial assets and liabilities measured at fair value (continued)

Fair value hierarchy (continued)

	Fair value at 31 December 2021	Fair value measurements at 31 December 2021 categorised into		
		Level 1	Level 2	Level 3
	HK$ million	HK$ million	HK$ million	HK$ million
Recurring fair value measurement				
Financial assets:				
Investments in equity securities designated as financial assets at FVOCI (non-recycling):				
– Unlisted (note 24)	**59**	**–**	**–**	**59**
– Listed (note 24)	**124**	**124**	**–**	**–**
Investments in other securities measured as financial assets at FVPL:				
– Listed (note 24)	**1,364**	**1,364**	**–**	**–**
Financial assets measured at FVPL (note 27)	**388**	**1**	**61**	**326**
Derivative financial instruments:				
– Cross currency interest rate swap contracts (note 23)	**722**	**–**	**722**	**–**
– Interest rate swap contracts (note 23)	**204**	**–**	**204**	**–**
– Foreign exchange forward contracts (note 23)	**26**	**–**	**26**	**–**
Financial liabilities:				
Derivative financial instruments:				
– Cross currency interest rate swap contracts (note 23)	**351**	**–**	**351**	**–**
– Interest rate swap contracts (note 23)	**380**	**–**	**380**	**–**
– Foreign exchange forward contracts (note 23)	**25**	**–**	**25**	**–**

4 Financial risk management and fair values of financial instruments (continued)

(h) Fair value measurement (continued)

(i) Financial assets and liabilities measured at fair value (continued)

Fair value hierarchy (continued)

	Fair value at 31 December 2020	Fair value measurements at 31 December 2020 categorised into		
		Level 1	Level 2	Level 3
	HK$ million	HK$ million	HK$ million	HK$ million
Recurring fair value measurement				
Financial assets:				
Investments in equity securities designated as financial assets at FVOCI (non-recycling):				
– Unlisted (note 24)	79	–	–	79
– Listed (note 24)	78	78	–	–
Investments in other securities measured as financial assets at FVPL:				
– Listed (note 24)	1,133	1,133	–	–
Financial assets measured at FVPL (note 27)	326	–	–	326
Derivative financial instruments:				
– Cross currency interest rate swap contracts (note 23)	1,178	–	1,178	–
– Interest rate swap contracts (note 23)	400	–	400	–
– Foreign exchange forward contracts (note 23)	8	–	8	–
Financial liabilities:				
Derivative financial instruments:				
– Cross currency interest rate swap contracts (note 23)	144	–	144	–
– Cross currency swap contracts (note 23)	6	–	6	–
– Interest rate swap contracts (note 23)	1,099	–	1,099	–

During the years ended 31 December 2021 and 31 December 2020, there were no transfers between Level 1 and Level 2, or transfers into and out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy at the end of the reporting period during which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

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

4 Financial risk management and fair values of financial instruments (continued)

(h) Fair value measurement (continued)

(ii) Financial assets and liabilities measured at other than fair value

The carrying amounts of the Group's financial instruments measured at cost or amortised cost are not materially different from their fair values at 31 December 2021 and 31 December 2020 except as follows:

– **Amounts due from certain associates and certain joint ventures, and amounts due to certain associates and certain joint ventures**

Amounts due from certain associates and certain joint ventures, and amounts due to certain associates and certain joint ventures are unsecured, interest-free and have no fixed terms of repayment. Given these terms it is not meaningful to quantify their fair values and therefore they are stated at cost.

5 Business combination

On 14 April 2021, the Company announced that upon completion of the settlement process of the Group's acquisition of 103,000 shares in the issued share capital of Miramar ("Miramar Shares") on the open market on 14 April 2021 for an aggregate consideration of HK$1,574,040 (exclusive of transaction costs) (the "Acquisition"), the Company indirectly held 345,494,980 Miramar Shares in aggregate which represented approximately 50.002% of the total number of issued Miramar Shares. During the period from 15 April 2021 to 31 December 2021, the Group further acquired an aggregate of 505,000 Miramar Shares on the open market. At 31 December 2021, the Group indirectly held 345,999,980 Miramar Shares in aggregate which represents approximately 50.075% of the total number of issued Miramar Shares. Prior to the Acquisition, the Company indirectly held 345,391,980 Miramar Shares in aggregate which represented approximately 49.987% of the total number of issued Miramar Shares.

As a result of the Acquisition and during the year ended 31 December 2021, (i) Miramar was an associate of the Group for the period from 1 January 2021 to 13 April 2021 (both dates inclusive), and the financial results of Miramar for such period were accounted for in the Group's consolidated financial statements for the same period under the equity method of accounting; and (ii) Miramar became an indirect non-wholly-owned subsidiary of the Company commencing from 14 April 2021, and the financial results of Miramar for the period from 14 April 2021 to 31 December 2021 (both dates inclusive) were consolidated into the Group's consolidated financial statements for the year ended 31 December 2021. During the corresponding year ended 31 December 2020, Miramar was an associate of the Group and the financial results of Miramar for that year were accounted for in the Group's consolidated financial statements for the same year under the equity method of accounting.

Miramar holds a diversified service-oriented business portfolio comprising stylish hotels and serviced apartments, property rental, food and beverage and travel services in Hong Kong and mainland China. The Directors believe that the financial position of the Group will be enhanced by consolidating the financial results of Miramar into the consolidated financial statements of the Group. The Company's interest in the Miramar Shares is for long-term investment purpose. The Group has adopted the purchase price allocation method of acquisition accounting under HKFRS 3 (Revised), *Business combinations* under which the assets acquired and the liabilities assumed in relation to Miramar have been fair valued as at the date of the Acquisition upon consolidation by the Group. The Group's attributable share of the book net asset value of Miramar prior to the Acquisition amounted to HK$10,410 million at 14 April 2021. Therefore, for the year ended 31 December 2021, the Group recognised as "other income" a gain on re-measurement of previously held interest in Miramar upon obtaining of control in the aggregate amount of HK$1,889 million (see note 7), which comprises (i) a gain of HK$1,887 million on the re-measurement of the Group's 49.987% equity interest previously held in Miramar prior to the Acquisition; and (ii) a gain on bargain purchase of HK$2 million upon completion of the settlement process of the Acquisition.

5 Business combination (continued)

The fair value of the assets acquired and the liabilities assumed in relation to Miramar as at the date of the Acquisition, which resulted in the Group's recognition of a gain on bargain purchase of HK$2 million as referred to above, were as follows:

	HK$ million
Investment properties	**17,029**
Other property, plant and equipment	**3,474**
Right-of-use assets	**55**
Interest in associates	**1**
Trademarks *(note)*	**109**
Equity securities designated at fair value through other comprehensive income	**71**
Financial assets measured at fair value through profit or loss	**62**
Deferred tax assets	**13**
Inventories	**144**
Trade and other receivables	**191**
Cash and bank balances	**5,178**
Trade and other payables	**(297)**
Bank loan	**(3)**
Rental deposits received	**(257)**
Contract liabilities	**(71)**
Lease liabilities	**(70)**
Tax payable	**(20)**
Deferred tax liabilities	**(858)**
Non-controlling interests	**(150)**
Fair value of identifiable net assets	**24,601**
Gain on bargain purchase	**(2)**
	24,599
Represented by:	
Fair value of the consideration transferred for the Company to gain control over Miramar on the date of the Acquisition	**2**
Re-measured consolidated net assets of Miramar attributable to the non-controlling interests as at the date of the Acquisition (net of deferred tax)	**12,300**
Fair value of the Group's previously held interest in Miramar prior to the Acquisition (net of deferred tax)	**12,297**
	24,599

Note:

At 31 December 2021, the Group recognised trademarks at cost less amortisation during the period from 14 April 2021 to 31 December 2021, in the net carrying amount of HK$106 million at 31 December 2021 (see note 19).

5 Business combination (continued)

The re-measurement gain of the Group's previously held interest in Miramar prior to the Acquisition is determined as follows:

	HK$ million
Fair value of the Group's previously held interest in Miramar prior to the Acquisition (net of deferred tax)	**12,297**
Less:	
The Group's attributable share of the book net asset value of Miramar prior to the Acquisition at 14 April 2021 (see above)	**(10,410)**
Re-measurement gain of the Group's 49.987% equity interest previously held in Miramar prior to the Acquisition	**1,887**

	At 14 April 2021 HK$ million
Outflow of cash in the Group's obtaining of control in Miramar, net of cash acquired	
– cash consideration	**(2)**
– cash and bank balances of Miramar acquired	**5,178**
Net cash inflow arising from the Group's obtaining of control in Miramar	**5,176**

The Group has chosen to recognise the non-controlling interests at their proportionate share of the fair value of Miramar's identifiable net assets as at the date of the Acquisition.

The transaction costs related to the Acquisition in the amount of HK$551,000 were recognised in the Group's consolidated statement of profit or loss for the year ended 31 December 2021.

During the period from 14 April 2021 to 31 December 2021 (both dates inclusive), Miramar contributed consolidated revenue from external customers of HK$895 million and consolidated net profit after tax attributable to the Group's interest in Miramar during the period from 14 April 2021 to 31 December 2021 of HK$75 million to the Group. If the Acquisition had occurred on 1 January 2021, Miramar's contribution to the Group of consolidated revenue from external customers and consolidated net profit after tax attributable to the Group's interest in Miramar during the period from 1 January 2021 to 13 April 2021 would be HK$320 million and HK$38 million respectively.

6 Revenue

Revenue of the Group represents revenue from the sale of properties, rental income, operation and management of department stores and supermarket-cum-stores, and other businesses mainly including income from hotel operation and management, construction, provision of finance, investment holding, project management, property management, agency services, cleaning and security guard services, food and beverage operation, travel operation, as well as the trading of building materials and disposal of leasehold land.

The major items are analysed as follows:

	2021 HK$ million	2020 HK$ million
Sale of properties	**12,630**	16,009
Rental income *(note (i))*	**6,505**	5,777
Department stores and supermarket-cum-stores operations *(note (ii))*	**1,791**	1,837
Other businesses	**2,601**	1,397
Total (note 15(b))	**23,527**	25,020

Notes:

(i) Cumulative up to 31 December 2021, the Group has granted approved rent concessions in the aggregate amount of HK$338 million (Cumulative up to 31 December 2020: HK$302 million) to certain tenants of the Group's investment properties in Hong Kong and mainland China due to the impact of COVID-19 pandemic on the economic outlook, and hence the adverse effect on such tenants' business operations, business viabilities and abilities to meet rental obligations.

Therefore, the Group's rental income for the year ended 31 December 2021 has been arrived at after deducting the rent concessions which were amortised for the year ended 31 December 2021 in the amount of HK$124 million (2020: HK$183 million).

(ii) Including commission income earned from consignment and concessionary counters of the department stores operation, and the commission income earned from consignment counters of the supermarket-cum-stores operation, in the aggregate amount of HK$424 million for the year ended 31 December 2021 (2020: HK$412 million).

In accordance with HKFRS 15, *Revenue from contracts with customers*, revenue from sale of properties and department stores and supermarket-cum stores operations are recognised at a point in time, as described in notes 2(x)(i) and 2(x)(vi) to these financial statements respectively. Rental income recognised from HKFRS 16 is categorically classified as revenue from other sources. Revenue from other businesses of HK$1,393 million (2020: HK$773 million) is recognised over time while the remaining is recognised at a point in time.

At 31 December 2021, the cumulative aggregate amount of revenue expected to be recognised in the consolidated statement of profit or loss in the future from pre-completion sales contracts entered into in relation to the Group's properties held for/under development for sale and completed properties for sale held by the Group's subsidiaries, which are pending assignment in Hong Kong and mainland China, amounted to HK$12,777 million (2020: HK$11,298 million), which will be recognised when the pre-sold properties are assigned to the customers.

7 Other net income/(loss)

	2021 HK$ million	2020 HK$ million
Net gain on disposal of investment properties (note 15(a))	**162**	229
Net fair value gain/(loss) on investments measured as financial assets at FVPL	**174**	(366)
Net fair value gain/(loss) on derivative financial instruments at FVPL:		
– Interest rate swap contracts, cross currency interest rate swap contracts, cross currency swap contracts and foreign exchange forward contracts (for which no hedge accounting was applied during the year)	**259**	(507)
Cash flow hedges: reclassified from hedging reserve to profit or loss (note 4(f))	**–**	(5)
Impairment loss on trade debtors (notes 15(c) and 27(b))	**(1)**	(6)
Reversal of provision/(provision) on inventories, net (note 15(a))	**77**	(4)
Exchange gain/(loss), net (note 8(d))	**85**	(100)
Government grants *(note)*	**–**	264
Gain on re-measurement of previously held interest in a former associate upon obtaining of control (notes 5 and 15(a))	**1,889**	–
Others	**482**	397
	3,127	(98)

Note:

Government grants recognised for the corresponding year ended 31 December 2020 related to the subsidy received from the COVID-19 Anti-epidemic Fund under the Employment Support Scheme as promulgated by the HKSAR Government.

8 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

		2021 HK$ million	2020 HK$ million
(a)	**Finance costs:**		
	Bank loans interest	**875**	1,351
	Interest on loans	**1,093**	716
	Finance cost on lease liabilities (note 31)	**20**	22
	Other borrowing costs	**105**	91
		2,093	2,180
	Less: Amount capitalised *(note)*	**(1,493)**	(1,622)
	Finance costs	**600**	558

Note: The borrowing costs have been capitalised at weighted average interest rates (based on the principal amounts of the Group's bank loans, guaranteed notes, amount due to a fellow subsidiary and amounts due to related companies during the period under which interest capitalisation is applicable) ranging from 1.67% to 3.83% (2020: 2.11% to 3.86%) per annum.

		2021 HK$ million	2020 HK$ million
(b)	**Directors' emoluments**	**209**	204

Details of the directors' emoluments are set out in note 9.

		2021 HK$ million	2020 HK$ million
(c)	**Staff costs (other than directors' emoluments):**		
	Salaries, wages and other benefits	**2,716**	2,384
	Contributions to defined contribution retirement plans	**108**	88
		2,824	2,472

8 Profit before taxation (continued)

Profit before taxation is arrived at after charging/(crediting): (continued)

		2021 HK$ million	2020 HK$ million
(d)	**Other items:**		
	Net foreign exchange (gain)/loss	**(727)**	1,025
	Cash flow hedges: net foreign exchange loss/ (gain) reclassified from equity	**642**	(925)
	Exchange (gain)/loss, net (note 7)	**(85)**	100
	Amortisation of trademarks (note 19)	**3**	–
	Depreciation		
	– on other property, plant and equipment (note 16(a))	**146**	77
	– on right-of-use assets (note 17)	**356**	351
		505	428
		(note 15(c))	(note 15(c))
	Cost of sales		
	– properties for sale	**6,595**	5,925
	– trading stocks and consumable stores	**1,032**	982
	Auditors' remuneration		
	– audit services	**22**	20
	– non-audit services	**7**	6
	Expense relating to short-term leases	**18**	47
	Rentals receivable from investment properties less direct outgoings of HK$1,979 million (2020: HK$1,640 million) *(note (i))*	**(4,326)**	(3,977)
	Dividend income from investments designated as financial assets at FVOCI and investments measured as financial assets at FVPL *(note (ii))*		
	– listed	**(84)**	(79)
	– unlisted	**(32)**	(9)

Notes:

(i) The rental income from investment properties included contingent rental income of HK$41 million (2020: HK$17 million).

(ii) During the year ended 31 December 2021, dividend income of HK$35 million related to investments designated as financial assets at FVOCI held at 31 December 2021 (2020: dividend income of HK$10 million related to investments designated as financial assets at FVOCI held at 31 December 2020).

9 Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance (Cap. 622) and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) are as follows:

	2021				
	Directors' fees HK$'000	Salaries, allowances and benefits-in-kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive Directors					
Dr Lee Ka Kit	200	21,535	1,445	18	23,198
Dr Lee Ka Shing	272	15,681	6,381	864	23,198
Dr Lam Ko Yin, Colin	236	10,149	21,270	607	32,262
Dr Lee Shau Kee	150	21,401	–	–	21,551
Yip Ying Chee, John	150	9,273	14,907	555	24,885
Suen Kwok Lam	150	7,740	7,760	463	16,113
Fung Lee Woon King	150	5,501	5,200	329	11,180
Kwok Ping Ho	250	5,298	1,468	316	7,332
Wong Ho Ming, Augustine	150	10,675	15,520	639	26,984
Fung Hau Chung, Andrew	150	12,208	3,000	609	15,967
Non-executive Directors					
Lee Pui Ling, Angelina	150	–	–	–	150
Lee Tat Man	150	–	–	–	150
Independent Non-executive Directors					
Kwong Che Keung, Gordon	300	750	–	–	1,050
Professor Ko Ping Keung	300	650	–	–	950
Wu King Cheong	551	650	–	–	1,201
Woo Ka Biu, Jackson	250	–	–	–	250
Professor Poon Chung Kwong	250	100	–	–	350
Au Siu Kee, Alexander	1,236	850	–	–	2,086
Total for the year ended 31 December 2021	5,045	122,461	76,951	4,400	208,857

9 Directors' emoluments (continued)

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance (Cap. 622) and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) are as follows: (continued)

	2020				
	Directors' fees HK\$'000	Salaries, allowances and benefits-in-kind HK\$'000	Discretionary bonuses HK\$'000	Retirement scheme contributions HK\$'000	Total HK\$'000
Executive Directors					
Dr Lee Ka Kit	200	21,839	1,126	18	23,183
Dr Lee Ka Shing	200	15,738	6,381	864	23,183
Dr Lam Ko Yin, Colin	200	10,148	21,270	607	32,225
Dr Lee Shau Kee	150	23,700	–	–	23,850
Yip Ying Chee, John	150	9,270	14,907	555	24,882
Suen Kwok Lam	150	7,737	7,760	463	16,110
Fung Lee Woon King	150	5,543	5,200	329	11,222
Lau Yum Chuen, Eddie *	75	9	–	–	84
Kwok Ping Ho	250	5,293	1,468	316	7,327
Wong Ho Ming, Augustine	150	10,673	15,520	639	26,982
Fung Hau Chung, Andrew (appointed on 8 June 2020)	75	6,888	2,031	304	9,298
Non-executive Directors					
Lee Pui Ling, Angelina	150	–	–	–	150
Lee Tat Man	175	–	–	–	175
Independent Non-executive Directors					
Kwong Che Keung, Gordon	300	750	–	–	1,050
Professor Ko Ping Keung	300	650	–	–	950
Wu King Cheong	300	650	–	–	950
Woo Ka Biu, Jackson	250	–	–	–	250
Professor Poon Chung Kwong	250	100	–	–	350
Au Siu Kee, Alexander	1,200	850	–	–	2,050
Total for the year ended 31 December 2020	4,675	119,838	75,663	4,095	204,271

* *Mr Lau Yum Chuen, Eddie did not offer himself for re-election at the annual general meeting of the Company held on 8 June 2020 upon retirement by rotation in accordance with the articles of association of the Company. Accordingly, his directorship with the Company ceased at the conclusion of the aforementioned annual general meeting.*

9 Directors' emoluments (continued)

During the years ended 31 December 2021 and 31 December 2020:

(i) all the directors' fees payable to the executive directors of the Company were in respect of their services as directors of the Company and/ or its subsidiary undertakings, and all the salaries, allowances, benefits-in-kind, discretionary bonuses and retirement scheme contributions payable to the executive directors of the Company were in respect of their services in connection with the management of the affairs of the Company and/or its subsidiary undertakings; and

(ii) all the emoluments payable to the non-executive directors and the independent non-executive directors of the Company were in respect of their services as directors of the Company and/ or its subsidiary undertakings.

At 31 December 2021, there were no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities for disclosure pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance (Cap. 622) and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) (2020: None).

During the year ended 31 December 2021 and at 31 December 2021, save as disclosed in note 43, there was no transaction, arrangement or contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a director of the Company and his/her connected entities had a material interest, subsisted at the end of the reporting period or at any time during the year for disclosure pursuant to section 383(1)(e) of the Hong Kong Companies Ordinance (Cap. 622) and Part 4 of the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) (2020: None).

There was no arrangement under which a director had waived or agreed to waive any remuneration during the current and prior years.

10 Emoluments of five highest paid individuals and senior management

(a) Emoluments of five highest paid individuals

Of the five individuals with the highest emoluments, all (2020: all) of them are directors whose emoluments are disclosed in note 9.

(b) Emoluments of senior management

Other than the emoluments of directors and five highest paid individuals disclosed in notes 9 and 10(a) respectively, the emoluments of the senior management whose profiles are set out in the section "Biographical Details of Directors and Senior Management" of the Company's annual report for the year ended 31 December 2021 (of which these financial statements form a part) fell within the following bands:

	2021 Number of individuals	2020 Number of individuals
Emolument band (HK$) *(note)*		
$2,000,001 to $3,000,000	**–**	1
$3,000,001 to $4,000,000	**2**	1
$4,000,001 to $5,000,000	**1**	1
$5,000,001 to $6,000,000	**3**	4
$6,000,001 to $7,000,000	**3**	1
$7,000,001 to $8,000,000	**2**	2
$8,000,001 to $9,000,000	**–**	–
$9,000,001 to $10,000,000	**–**	–
$10,000,001 to $11,000,000	**1**	1
$11,000,001 to $12,000,000	**2**	3
$12,000,001 to $13,000,000	**1**	1
$13,000,001 to $14,000,000	**–**	1
$14,000,001 to $15,000,000	**2**	2
$15,000,001 to $16,000,000	**1**	–
$16,000,001 to $17,000,000	**1**	–
	19	18

Note: Including salaries, allowances and benefits-in-kind, discretionary bonuses and retirement scheme contributions.

11 Income tax

(a) Income tax in the consolidated statement of profit or loss represents:

	2021 HK$ million	2020 HK$ million
Current tax – Provision for Hong Kong Profits Tax		
Provision for the year	**867**	978
Under-provision in respect of prior years	**2**	12
	869	990
Current tax – Provision for taxation outside Hong Kong		
Provision for the year	**599**	598
Under-provision in respect of prior years	**106**	50
	705	648
Current tax – Provision for Land Appreciation Tax		
Provision for the year	**263**	296
	263	296
Deferred tax		
Origination and reversal of temporary differences	**181**	497
	181	497
	2,018	2,431

Provision for Hong Kong Profits Tax has been made at 16.5% (2020: 16.5%) on the estimated assessable profits for the year, taking into account a one-off reduction of 100% (2020: 100%) of the tax payable for the year of assessment 2020/21 subject to a ceiling of HK$10,000 (2019/20: HK$20,000) for each business allowed by the HKSAR Government.

Provision for taxation outside Hong Kong is provided for at the applicable rates of taxation for the year on the estimated assessable profits arising in the relevant foreign tax jurisdictions during the year.

Land Appreciation Tax is levied on properties in mainland China developed by the Group for sale, at progressive rates ranging from 30% to 60% (2020: 30% to 60%) on the appreciation of land value, which under the applicable regulations is calculated based on the revenue from sale of properties less deductible expenditure including lease charges of land use rights, borrowing costs and property development expenditure.

11 Income tax (continued)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2021 HK$ million	2020 HK$ million
Profit before taxation	**15,378**	12,714
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	**2,793**	2,517
Tax effect of share of profits less losses of associates and joint ventures	**(672)**	(583)
Tax effect of non-deductible expenses	**240**	946
Tax effect of non-taxable revenue	**(576)**	(859)
Tax effect of current year's tax losses not recognised	**254**	288
Tax effect of prior years' tax losses utilised	**(45)**	(58)
Tax effect of unused tax losses not recognised in prior years now recognised	**(122)**	(102)
One-off rebate of Hong Kong Profits Tax	**(1)**	(2)
Land Appreciation Tax	**197**	222
(Over)/under-provision in respect of prior years, net	**(50)**	62
Actual tax expense	**2,018**	2,431

(c) Deferred tax assets and liabilities recognised:

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	Depreciation allowances in excess of related depreciation HK$ million	Revaluation of properties HK$ million	Elimination and capitalisation of expenses HK$ million	Fair value adjustment on business combination HK$ million	Tax losses HK$ million	Others HK$ million	Total HK$ million
At 1 January 2020	1,839	3,601	269	1,024	(250)	11	6,494
Exchange adjustments	41	262	–	8	–	–	311
Charged/(credited) to profit or loss	226	547	(35)	–	(158)	(83)	497
Credited to reserves (note 13(a))	–	–	–	–	–	(31)	(31)
At 31 December 2020	2,106	4,410	234	1,032	(408)	(103)	7,271
At 1 January 2021	**2,106**	**4,410**	**234**	**1,032**	**(408)**	**(103)**	**7,271**
Exchange adjustments	**21**	**133**	**–**	**3**	**–**	**–**	**157**
Consolidation of Miramar upon obtaining of control (note 5)	**220**	**80**	**–**	**554**	**(9)**	**–**	**845**
Charged/(credited) to profit or loss	**196**	**56**	**3**	**(7)**	**(37)**	**(30)**	**181**
Charged to reserves (note 13(a))	**–**	**–**	**–**	**–**	**–**	**20**	**20**
At 31 December 2021	**2,543**	**4,679**	**237**	**1,582**	**(454)**	**(113)**	**8,474**

11 Income tax (continued)

(c) Deferred tax assets and liabilities recognised: (continued)

	2021 HK$ million	2020 HK$ million
Net deferred tax assets recognised in the consolidated statement of financial position	**(698)**	(633)
Net deferred tax liabilities recognised in the consolidated statement of financial position	**9,172**	7,904
	8,474	7,271

(d) Deferred tax assets not recognised:

Deferred tax assets have not been recognised in respect of the following items:

	2021		2020	
	Deductible temporary differences/ unused tax losses HK$ million	**Deferred tax assets not recognised HK$ million**	Deductible temporary differences/ unused tax losses HK$ million	Deferred tax assets not recognised HK$ million
Deductible temporary differences	**4**	**1**	4	1
Future benefits of tax losses				
Hong Kong *(note (i))*				
– Assessed by the Inland Revenue Department	**3,698**	**610**	3,130	516
– Not yet assessed by the Inland Revenue Department	**10,915**	**1,801**	9,469	1,562
Outside Hong Kong *(note (ii))*	**540**	**127**	551	131
	15,153	**2,538**	13,150	2,209
	15,157	**2,539**	13,154	2,210

Notes:

(i) These tax losses do not expire under current tax legislation.

(ii) These tax losses can be carried forward to offset against taxable profits of subsequent years for up to five years from the year in which they arose.

The Group has not recognised deferred tax assets in respect of deductible temporary differences and unused tax losses of certain subsidiaries as it is not probable that sufficient future taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised.

12 Dividends

(a) Dividends payable to equity shareholders of the Company attributable to profit for the year

	2021 HK$ million	2020 HK$ million
Interim dividend declared and paid of HK$0.50 (2020: HK$0.50) per share	**2,421**	2,421
Final dividend proposed after the end of the reporting period of HK$1.30 (2020: HK$1.30) per share	**6,294**	6,294
	8,715	8,715

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

(b) Dividends payable to equity shareholders of the Company attributable to profit for the previous financial year, approved and paid during the year

	2021 HK$ million	2020 HK$ million
Final dividend in respect of the previous financial year, approved and paid during the year of HK$1.30 (2020: HK$1.30) per share	**6,294**	6,294

13 Other comprehensive income

(a) Tax effects relating to each component of other comprehensive income

	2021			2020		
	Pre-tax amount HK$ million	**Tax charge HK$ million**	**Net-of-tax amount HK$ million**	Pre-tax amount HK$ million	Tax credit HK$ million	Net-of-tax amount HK$ million
Exchange differences	**1,569**	**–**	**1,569**	3,484	–	3,484
Cash flow hedges	**123**	**(20)**	**103**	(187)	31	(156)
Investments in equity securities designated as financial assets at FVOCI	**(7)**	**–**	**(7)**	(29)	–	(29)
Share of other comprehensive income of associates and joint ventures	**1,100**	**–**	**1,100**	1,972	–	1,972
Other comprehensive income for the year	**2,785**	**(20)**	**2,765**	5,240	31	5,271
		(note 11(c))			(note 11(c))	

(b) Components of other comprehensive income, including reclassification adjustments

	2021 HK$ million	2020 HK$ million
Exchange differences:		
– translation of financial statements of foreign entities	**1,569**	3,484
Net movement in the exchange reserve during the year recognised in other comprehensive income	**1,569**	3,484
Cash flow hedges:		
– effective portion of changes in fair value of hedging instruments recognised during the year	**(385)**	550
– reclassification adjustments for amounts transferred to profit or loss	**729**	(897)
– cost of hedging – change in fair value (note 4(f))	**(101)**	141
– cost of hedging – reclassified to profit or loss (note 4(f))	**(120)**	19
– net deferred tax (charged)/credited to other comprehensive income	**(20)**	31
Net movement in the hedging reserve during the year recognised in other comprehensive income	**103**	(156)
Investments in equity securities designated as financial assets at FVOCI:		
– changes in fair value recognised during the year	**(7)**	(29)
Net movement in the fair value reserve (non-recycling) during the year recognised in other comprehensive income	**(7)**	(29)

13 Other comprehensive income (continued)

(c) For each component of equity

	Attributable to equity shareholders of the Company									
	Property revaluation reserve HK$ million	Exchange reserve HK$ million	Fair value reserve (recycling) HK$ million	Fair value reserve (non-recycling) HK$ million	Hedging reserve HK$ million	Other reserves HK$ million	Retained profits HK$ million	Total HK$ million	Non-controlling interests HK$ million	Total other comprehensive income HK$ million
2020										
Exchange differences:										
– translation of financial statements of foreign entities	–	3,473	–	–	–	–	–	3,473	11	3,484
Cash flow hedges:										
– effective portion of changes in fair value, net of deferred tax	–	–	–	–	459	–	–	459	–	459
– reclassification from equity to profit or loss, net of deferred tax	–	–	–	–	(749)	–	–	(749)	–	(749)
– cost of hedging – change in fair value, net of deferred tax	–	–	–	–	118	–	–	118	–	118
– cost of hedging - reclassified to profit or loss, net of deferred tax	–	–	–	–	16	–	–	16	–	16
Investments in equity securities designated as financial assets at FVOCI:										
– changes in fair value	–	–	–	(27)	–	–	–	(27)	(2)	(29)
Share of other comprehensive income of associates and joint ventures	–	2,167	–	(200)	(23)	–	28	1,972	–	1,972
Other comprehensive income for the year	–	5,640	–	(227)	(179)	–	28	5,262	9	5,271
2021										
Exchange differences:										
– translation of financial statements of foreign entities	–	**1,550**	–	–	–	–	–	**1,550**	**19**	**1,569**
Cash flow hedges:										
– effective portion of changes in fair value, net of deferred tax	–	–	–	–	**(322)**	–	–	**(322)**	–	**(322)**
– reclassification from equity to profit or loss, net of deferred tax	–	–	–	–	**609**	–	–	**609**	–	**609**
– cost of hedging – change in fair value, net of deferred tax	–	–	–	–	**(84)**	–	–	**(84)**	–	**(84)**
– cost of hedging – reclassified to profit or loss, net of deferred tax	–	–	–	–	**(100)**	–	–	**(100)**	–	**(100)**
Investments in equity securities designated as financial assets at FVOCI:										
– changes in fair value	–	–	–	**(11)**	–	–	–	**(11)**	**4**	**(7)**
Share of other comprehensive income of associates and joint ventures	–	**1,150**	**1**	**(84)**	**(2)**	–	**35**	**1,100**	–	**1,100**
Other comprehensive income for the year	–	**2,700**	**1**	**(95)**	**101**	–	**35**	**2,742**	**23**	**2,765**

14 Earnings per share

(a) Reported earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to equity shareholders of the Company of HK$13,195 million (2020: HK$10,192 million) and the weighted average number of 4,841 million ordinary shares (2020: 4,841 million ordinary shares) in issue during the year.

Diluted earnings per share were the same as the basic earnings per share for the year and the corresponding year ended 31 December 2020 as there were no dilutive potential ordinary shares in existence during both years.

(b) Underlying earnings per share

For the purpose of assessing the underlying performance of the Group, basic and diluted earnings per share are additionally calculated based on the profit attributable to equity shareholders of the Company after excluding the effects of changes in fair value of investment properties and investment properties under development ("Underlying Profit") of HK$13,624 million (2020: HK$14,899 million). A reconciliation of profit is as follows:

	2021 HK$ million	2020 HK$ million
Profit attributable to equity shareholders of the Company	**13,195**	10,192
Fair value (gain)/loss of investment properties and investment properties under development during the year (after deducting non-controlling interests' attributable share and deferred tax) (note 16(c))	**(26)**	2,964
Share of fair value loss of investment properties (net of deferred tax) during the year:		
– associates (note 16(c))	**16**	445
– joint ventures (note 16(c))	**129**	1,159
The Group's attributable share of the cumulative fair value gain of investment properties disposed of during the year, net of tax:		
– subsidiaries	**310**	139
Underlying Profit	**13,624**	14,899
Underlying earnings per share, based on the weighted average number of ordinary shares in issue during the year (note 14(a))	**HK$2.81**	HK$3.08

15 Segment reporting

The Group manages its businesses by a mixture of business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following reportable segments. No operating segments have been aggregated to form the following reportable segments.

Property development	:	Development and sale of properties
Property leasing	:	Leasing of properties
Department stores and supermarket-cum-stores operations	:	Operation and management of department stores and supermarket-cum-stores
Other businesses	:	Hotel operation and management, construction, provision of finance, investment holding, project management, property management, agency services, cleaning and security guard services, food and beverage operation, travel operation, as well as the trading of building materials and disposal of leasehold land
Utility and energy	:	Production, distribution and marketing of gas, water supply and emerging environmentally-friendly energy businesses

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases.

Revenue and expenses are allocated to the reportable segments with reference to revenues generated by those segments and the expenses incurred by those segments. Segment results form the basis of measurement used for assessing segment performance and represent profit or loss before reversal of provision/(provision) on inventories, net, sales of property interests, gain on re-measurement of previously held interest in a former associate upon obtaining of control, fair value change on investment properties and investment properties under development, net finance costs, income tax and items not specifically attributed to individual reportable segments, such as unallocated head office and corporate expenses, net.

15 Segment reporting (continued)

(a) Results of reportable segments

Information regarding the Group's and its share of associates and joint ventures on reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and performance assessment for the years ended 31 December 2021 and 31 December 2020 is set out below:

	Company and its subsidiaries (before deducting non-controlling interests)		Associates and joint ventures				Attributable to non-controlling interests		Attributable to equity shareholders of the Company	
	Revenue *(note (i))* HK$ million	Segment results HK$ million	Share of revenue HK$ million	Share of segment results HK$ million	Combined revenue HK$ million	Consolidated segment results HK$ million	Revenue HK$ million	Segment results HK$ million	Combined revenue HK$ million	Consolidated segment results HK$ million
For the year ended 31 December 2021										
Property development										
Hong Kong	10,805	3,920	902	322	11,707	4,242	(89)	(49)	11,618	4,193
Mainland China	1,825	759	4,984	844	6,809	1,603	–	–	6,809	1,603
	12,630	4,679	5,886	1,166	18,516	5,845	(89)	(49)	18,427	5,796
Property leasing										
Hong Kong	4,462	2,928	2,349	1,859	6,811	4,787	(277)	(231)	6,534	4,556
Mainland China	2,043	1,579	73	59	2,116	1,638	(19)	(12)	2,097	1,626
	(note (ii)) 6,505	4,507	2,422	1,918	8,927	6,425	(296)	(243)	8,631	6,182
Department stores and supermarket-cum-stores operations	1,791	200	–	–	1,791	200	(544)	(21)	1,247	179
Other businesses	2,601	995	317	(847)	2,918	148	(282)	31	2,636	179
	23,527	10,381	8,625	2,237	32,152	12,618	(1,211)	(282)	30,941	12,336
Utility and energy	–	–	32,139	4,085	32,139	4,085	–	–	32,139	4,085
	23,527	10,381	40,764	6,322	64,291	16,703	(1,211)	(282)	63,080	16,421
Reversal of provision/(provision) on inventories, net		(note 7) 77		(18)		59		(4)		55
Sales of property interests		(note 7) 162		–		162		–		162
Gain on re-measurement of previously held interest in a former associate upon obtaining of control		(note 7) 1,889		–		1,889		–		1,889
Unallocated head office and corporate expenses, net		(519)		(295)		(814)		6		(808)
Profit from operations		11,990		6,009		17,999		(280)		17,719
Increase/(decrease) in fair value of investment properties and investment properties under development		59		(152)		(93)		33		(60)
Finance costs	(note 8(a))	(600)		(756)		(1,356)		50		(1,306)
Bank interest income		109		170		279		(8)		271
Net finance costs		(491)		(586)		(1,077)		42		(1,035)
Profit before taxation		11,558		5,271		16,829		(205)		16,624
Income tax		(2,018)		(1,451)		(3,469)		40		(3,429)
Profit for the year		9,540		3,820		13,360		(165)		13,195

15 Segment reporting (continued)

(a) Results of reportable segments (continued)

In relation to the share of profits less losses of associates and joint ventures:

	Property development HK$ million	Property leasing HK$ million	Other businesses HK$ million	Sub-total HK$ million	Utility and energy HK$ million	Total HK$ million
For the year ended 31 December 2021						
Share of profits less losses of associates *(note (iii))*						
– Listed associates						
The Hong Kong and China Gas Company Limited	–	203	(955)	(752)	2,833	2,081
Miramar *(note)*	–	61	(16)	45	–	45
Hong Kong Ferry (Holdings) Company Limited	(10)	45	4	39	–	39
– Unlisted associates	38	37	(47)	28	–	28
	28	346	(1,014)	(640)	2,833	2,193
Share of profits less losses of joint ventures *(note (iv))*	683	1,010	(66)	1,627	–	1,627
	711	1,356	(1,080)	987	2,833	3,820

Note:

As referred to in note 5 to these financial statements, the Group has accounted for Miramar as an indirect non-wholly-owned subsidiary and consolidated Miramar's financial results for the period from 14 April 2021 to 31 December 2021 (both dates inclusive) into the Group's consolidated financial statements for the year ended 31 December 2021. For the period from 1 January 2021 to 13 April 2021 (both dates inclusive), Miramar was an associate of the Group and the financial results of Miramar for such period were accounted for in the Group's consolidated financial statements for the same period under the equity method of accounting.

15 Segment reporting (continued)

(a) Results of reportable segments (continued)

	Company and its subsidiaries (before deducting non-controlling interests)		Associates and joint ventures				Attributable to non-controlling interests		Attributable to equity shareholders of the Company	
	Revenue *(note (i))* HK$ million	Segment results HK$ million	Share of revenue HK$ million	Share of segment results HK$ million	Combined revenue HK$ million	Consolidated segment results HK$ million	Revenue HK$ million	Segment results HK$ million	Combined revenue HK$ million	Consolidated segment results HK$ million
For the year ended 31 December 2020										
Property development										
Hong Kong	14,147	7,784	–	(6)	14,147	7,778	(105)	(48)	14,042	7,730
Mainland China	1,862	864	5,204	1,059	7,066	1,923	–	(4)	7,066	1,919
	16,009	8,648	5,204	1,053	21,213	9,701	(105)	(52)	21,108	9,649
Property leasing										
Hong Kong	3,985	2,697	2,797	2,307	6,782	5,004	(8)	(4)	6,774	5,000
Mainland China	1,792	1,442	37	25	1,829	1,467	–	–	1,829	1,467
	(note (ii)) 5,777	4,139	2,834	2,332	8,611	6,471	(8)	(4)	8,603	6,467
Department stores and supermarket-cum-stores operations	1,837	241	–	–	1,837	241	(562)	(55)	1,275	186
Other businesses	1,397	492	402	(379)	1,799	113	(111)	(25)	1,688	88
	25,020	13,520	8,440	3,006	33,460	16,526	(786)	(136)	32,674	16,390
Utility and energy	–	–	24,252	4,061	24,252	4,061	–	–	24,252	4,061
	25,020	13,520	32,692	7,067	57,712	20,587	(786)	(136)	56,926	20,451
(Provision)/ reversal of provision on inventories, net		(note 7) (4)		2		(2)		–		(2)
Sales of property interests		(note 7) 229		–		229		(1)		228
Unallocated head office and corporate expenses, net		(1,574)		(374)		(1,948)		3		(1,945)
Profit from operations		12,171		6,695		18,866		(134)		18,732
Decrease in fair value of investment properties and investment properties under development		(2,413)		(1,576)		(3,989)		(2)		(3,991)
Finance costs	(note 8(a))	(558)		(685)		(1,243)		33		(1,210)
Bank interest income		354		181		535		(3)		532
Net finance costs		(204)		(504)		(708)		30		(678)
Profit before taxation		9,554		4,615		14,169		(106)		14,063
Income tax		(2,431)		(1,455)		(3,886)		15		(3,871)
Profit for the year		7,123		3,160		10,283		(91)		10,192

15 Segment reporting (continued)

(a) Results of reportable segments (continued)

In relation to the share of profits less losses of associates and joint ventures:

	Property development HK$ million	Property leasing HK$ million	Other businesses HK$ million	Sub-total HK$ million	Utility and energy HK$ million	Total HK$ million
For the year ended 31 December 2020						
Share of profits less losses of associates *(note (iii))*						
– Listed associates						
The Hong Kong and China Gas Company Limited	–	14	(532)	(518)	3,013	2,495
Miramar	–	217	25	242	–	242
Hong Kong Ferry (Holdings) Company Limited	(6)	12	3	9	–	9
– Unlisted associates	(110)	(99)	(13)	(222)	–	(222)
	(116)	144	(517)	(489)	3,013	2,524
Share of profits less losses of joint ventures *(note (iv))*	639	44	(47)	636	–	636
	523	188	(564)	147	3,013	3,160

Notes:

(i) The revenue figures above are arrived at after the elimination of inter-segment revenues, in the amounts of HK$356 million (2020: HK$335 million) and HK$1,458 million (2020: HK$1,079 million) in relation to the reportable segments under property leasing and others, respectively.

(ii) Revenue for the property leasing segment comprises rental income of HK$5,732 million (2020: HK$5,167 million) and rental-related income of HK$773 million (2020: HK$610 million), which in aggregate amounted to HK$6,505 million for the year (2020: HK$5,777 million) (see note 6).

(iii) The Group's share of profits less losses of associates contributed from the property leasing segment during the year of HK$346 million (2020: HK$144 million) includes the net decrease in fair value of investment properties (net of deferred tax) during the year of HK$16 million (2020: HK$445 million) (see note 16(c)).

The Group's share of losses less profits of associates contributed from other businesses segment during the year of HK$1,014 million (2020: HK$517 million) includes the Group's share of loss after tax from hotel operation and management during the year of HK$19 million (2020: HK$31 million).

(iv) The Group's share of profits less losses of joint ventures contributed from the property leasing segment during the year of HK$1,010 million (2020: HK$44 million) includes the net decrease in fair value of investment properties (net of deferred tax) during the year of HK$129 million (2020: HK$1,159 million) (see note 16(c)).

The Group's share of losses less profits of joint ventures contributed from other businesses segment during the year of HK$66 million (2020: HK$47 million) includes the Group's share of loss after tax contributed from hotel operation and management during the year of HK$63 million (2020: HK$67 million).

15 Segment reporting (continued)

(b) Geographical information

The following table sets out information about the geographical segment location of (i) the Group's revenue from external customers; and (ii) the Group's investment properties, other property, plant and equipment, right-of-use assets, goodwill, trademarks, interests in associates and joint ventures (together, the "Specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the Specified non-current assets is based on the physical location of the asset in the case of investment properties, other property, plant and equipment and right-of-use assets, the location of the operation to which the cash-generating unit(s) is(are) allocated in the case of goodwill and trademarks, and the location of operations in the case of interests in associates and joint ventures.

	Revenue from external customers		**Specified non-current assets**	
	For the year ended 31 December		**At 31 December**	
	2021	2020	**2021**	2020
	HK$ million	HK$ million	**HK$ million**	HK$ million
Hong Kong	**19,455**	21,336	**315,198**	249,825
Mainland China	**4,072**	3,684	**85,322**	73,061
The United Kingdom	**–**	–	**37**	–
	23,527	25,020	**400,557**	322,886
	(note 6)	(note 6)		

(c) Other segment information

	Depreciation and amortisation		**Impairment loss on trade debtors**	
	For the year ended 31 December		**For the year ended 31 December**	
	2021	2020	**2021**	2020
	HK$ million	HK$ million	**HK$ million**	HK$ million
Property development	**83**	92	**–**	–
Property leasing	**52**	34	**1**	5
Department stores and supermarket-cum-stores operations	**144**	144	**–**	–
Other businesses	**226**	158	**–**	1
	505	428	**1**	6
	(note 8(d))	(note 8(d))	**(notes 7 and 27(b))**	(notes 7 and 27(b))

16 Investment properties and other property, plant and equipment

(a) Reconciliation of carrying amount

	Investment properties HK$ million	Investment properties under development HK$ million	Sub-total HK$ million	Other land and buildings HK$ million	Plant and equipment HK$ million	Sub-total HK$ million	Total HK$ million
Cost or valuation:							
At 1 January 2020	139,884	43,079	182,963	242	1,262	1,504	184,467
Exchange adjustments	2,030	963	2,993	6	10	16	3,009
Additions	317	2,659	2,976	1	83	84	3,060
Disposals	(398)	–	(398)	–	(8)	(8)	(406)
Written off	–	–	–	–	(16)	(16)	(16)
(Deficit)/surplus on revaluation	(3,770)	1,357	(2,413)	–	–	–	(2,413)
Transfer to investment properties	3,749	(3,749)	–	–	–	–	–
Transfer from inventories	66	406	472	–	–	–	472
At 31 December 2020	141,878	44,715	186,593	249	1,331	1,580	188,173
Representing:							
Cost	–	1,357	1,357	249	1,331	1,580	2,937
Valuation	141,878	43,358	185,236	–	–	–	185,236
	141,878	44,715	186,593	249	1,331	1,580	188,173
Accumulated depreciation and impairment losses:							
At 1 January 2020	–	–	–	60	1,055	1,115	1,115
Exchange adjustments	–	–	–	–	8	8	8
Charge for the year (note 8(d))	–	–	–	6	71	77	77
Written back on disposals	–	–	–	–	(7)	(7)	(7)
Written off	–	–	–	–	(13)	(13)	(13)
At 31 December 2020	–	–	–	66	1,114	1,180	1,180
Net book value:							
At 31 December 2020	141,878	44,715	186,593	183	217	400	186,993

16 Investment properties and other property, plant and equipment (continued)

(a) Reconciliation of carrying amount (continued)

	Investment properties HK$ million	Investment properties under development HK$ million	Sub-total HK$ million	Hotel properties HK$ million	Other land and buildings HK$ million	Plant and equipment HK$ million	Sub-total HK$ million	Total HK$ million
Cost or valuation:								
At 1 January 2021	141,878	44,715	186,593	–	249	1,331	1,580	188,173
Exchange adjustments	988	268	1,256	–	2	10	12	1,268
Additions	115	55,179	55,294	–	–	134	134	55,428
Consolidation of Miramar upon obtaining of control (note 5)	17,029	–	17,029	3,406	99	1,537	5,042	22,071
Reclassification	(781)	–	(781)	790	–	(9)	781	–
Disposals	(483)	–	(483)	–	(21)	(97)	(118)	(601)
Written off	–	–	–	–	–	(34)	(34)	(34)
Surplus/(deficit) on revaluation	703	(644)	59	–	–	–	–	59
Transfer to investment properties	1,719	(1,719)	–	–	–	–	–	–
Transfer from/(to) inventories	–	1,274	1,274	–	(29)	–	(29)	1,245
At 31 December 2021	161,168	99,073	260,241	4,196	300	2,872	7,368	267,609
Representing:								
Cost	–	3,725	3,725	4,196	300	2,872	7,368	11,093
Valuation	161,168	95,348	256,516	–	–	–	–	256,516
	161,168	99,073	260,241	4,196	300	2,872	7,368	267,609
Accumulated depreciation and impairment losses:								
At 1 January 2021	–	–	–	–	66	1,114	1,180	1,180
Exchange adjustments	–	–	–	–	1	4	5	5
Consolidation of Miramar upon obtaining of control (note 5)	–	–	–	106	5	1,457	1,568	1,568
Charge for the year (note 8(d))	–	–	–	46	6	94	146	146
Written back on disposals	–	–	–	–	–	(86)	(86)	(86)
Written off	–	–	–	–	–	(34)	(34)	(34)
Transfer to inventories	–	–	–	–	(10)	–	(10)	(10)
At 31 December 2021	–	–	–	152	68	2,549	2,769	2,769
Net book value:								
At 31 December 2021	161,168	99,073	260,241	4,044	232	323	4,599	264,840

16 Investment properties and other property, plant and equipment (continued)

(b) The analysis of net book value of properties is as follows:

	2021 HK$ million	2020 HK$ million
In Hong Kong		
– under long leases	**12,446**	11,805
– under medium-term leases	**199,219**	125,159
	211,665	136,964
Outside Hong Kong		
– under long leases	**10**	10
– under medium-term leases	**52,805**	49,802
– freehold	**37**	–
	52,852	49,812
	264,517	186,776

(c) Fair value measurement of investment properties and investment properties under development

Fair value hierarchy

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

- Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

16 Investment properties and other property, plant and equipment (continued)

(c) Fair value measurement of investment properties and investment properties under development (continued)

Fair value hierarchy (continued)

	Fair value at 31 December 2021 HK$ million	**Fair value measurements at 31 December 2021 categorised into Level 3 HK$ million**
Recurring fair value measurement		
Investment properties:		
– In Hong Kong	**126,475**	**126,475**
– In mainland China	**34,693**	**34,693**
Investment properties under development:		
– In Hong Kong	**77,320**	**77,320**
– In mainland China	**18,028**	**18,028**

	Fair value at 31 December 2020 HK$ million	Fair value measurements at 31 December 2020 categorised into Level 3 HK$ million
Recurring fair value measurement		
Investment properties:		
– In Hong Kong	108,892	108,892
– In mainland China	32,986	32,986
Investment properties under development:		
– In Hong Kong	26,628	26,628
– In mainland China	16,730	16,730

During the years ended 31 December 2021 and 31 December 2020, there were no transfers between Level 1 and Level 2, or transfers into and out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy at the end of the reporting period during which they occur.

16 Investment properties and other property, plant and equipment (continued)

(c) Fair value measurement of investment properties and investment properties under development (continued)

Valuation process

The Group's investment properties and investment properties under development were revalued at 31 December 2021 by Cushman & Wakefield Limited, a firm of professional surveyors who have among their staff Members of The Hong Kong Institute of Surveyors with recent experience in the location and category of the properties being valued, on a market value basis.

The Group's management has reviewed the valuation results performed by the surveyors for financial reporting purposes by verifying all major inputs and assumptions, and assessing the reasonableness of property valuation. Such valuation is performed at each interim and annual reporting date and is reviewed and approved by senior management.

Valuation methodologies

The valuations of completed investment properties in Hong Kong and mainland China were based on income capitalisation approach which capitalised the net income of the properties and taking into account the reversionary potential of the properties after expiry of the current lease.

For certain investment properties in Hong Kong and mainland China which are still under development, the valuations were determined on redevelopment basis and by taking into account the fair value of the completed investment property and then deducting from that amount the estimated costs to complete the construction, financing costs and a reasonable profit margin.

Inputs used in Level 3 fair value measurement

Below is a table which presents the significant unobservable inputs:

Completed investment properties

	Range of capitalisation rates		Range of occupancy rates	
	2021 %	2020 %	**2021 %**	2020 %
In Hong Kong				
– Retail	**2.75%-6.0%**	2.75%-5.5%	**33%-100%**	44%-100%
– Office/industrial	**3.0%-4.125%**	3.0%-4.0%	**43%-100%**	73%-100%
In mainland China				
– Retail	**6.0%-8.5%**	5.5%-8.0%	**70%-100%**	45%-100%
– Office	**6.0%-7.5%**	6.0%-7.5%	**50%-100%**	37%-100%

The fair value measurement of completed investment properties is positively correlated to the occupancy rate and negatively correlated to the capitalisation rate.

16 Investment properties and other property, plant and equipment (continued)

(c) Fair value measurement of investment properties and investment properties under development (continued)

Inputs used in Level 3 fair value measurement (continued)

Investment properties under development

	Estimated project development cost	
	2021	2020
In Hong Kong	**HK$7 million to HK$11,626 million**	HK$8 million to HK$4,572 million
In mainland China	**HK$1,262 million to HK$2,358 million**	HK$2,065 million

The fair value measurement of investment properties under development is negatively correlated to the estimated cost to completion, being determined as the estimated project development cost less the actual amount of project development cost incurred up to the end of the reporting period.

Valuation

As a result, a net fair value gain on investment properties and investment properties under development in Hong Kong and mainland China (after deducting non-controlling interests' attributable share and deferred tax) in the aggregate amount of HK$26 million (2020: a net fair value loss on investment properties and investment properties under development in Hong Kong and mainland China (after deducting non-controlling interests' attributable share and deferred tax) in the aggregate amount of HK$2,964 million) has been recognised in the consolidated statement of profit or loss for the year (see note 14(b)).

In aggregate, the Group's attributable share of the net fair value losses (net of deferred tax) on investment properties and investment properties under development held by subsidiaries, associates and joint ventures for the year ended 31 December 2021 amounted to HK$119 million (2020: HK$4,568 million).

A reconciliation of the abovementioned figures is as follows:

	For the year ended 31 December 2021		
	Hong Kong HK$ million	**Mainland China HK$ million**	**Total HK$ million**
Fair value (loss)/gain on investment properties and investment properties under development held by			
– subsidiaries (before deducting non-controlling interests' attributable share and deferred tax)	**(149)**	**208**	**59**
Less:			
Deferred tax	**–**	**(66)**	**(66)**
Non-controlling interests' attributable share of the fair value loss/(gain) (net of deferred tax)	**34**	**(1)**	**33**
(after deducting non-controlling interests' attributable share and deferred tax) (note 14(b))	**(115)**	**141**	**26**
– associates (Group's attributable share) (notes 14(b) and 15(a)(iii))	**(16)**	**–**	**(16)**
– joint ventures (Group's attributable share) (notes 14(b) and 15(a)(iv))	**(105)**	**(24)**	**(129)**
	(236)	**117**	**(119)**

16 Investment properties and other property, plant and equipment (continued)

(c) Fair value measurement of investment properties and investment properties under development (continued)

Valuation (continued)

	For the year ended 31 December 2020		
	Hong Kong HK$ million	Mainland China HK$ million	Total HK$ million
Fair value (loss)/gain on investment properties and investment properties under development held by			
– subsidiaries (before deducting non-controlling interests' attributable share and deferred tax)	(4,487)	2,074	(2,413)
Less:			
Deferred tax	–	(549)	(549)
Non-controlling interests' attributable share of the fair value gain (net of deferred tax)	(2)	–	(2)
(after deducting non-controlling interests' attributable share and deferred tax) (note 14(b))	(4,489)	1,525	(2,964)
– associates (Group's attributable share) (notes 14(b) and 15(a)(iii))	(445)	–	(445)
– joint ventures (Group's attributable share) (notes 14(b) and 15(a)(iv))	(1,244)	85	(1,159)
	(6,178)	1,610	(4,568)

(d) All properties held under operating leases that would otherwise meet the definition of investment properties are classified as investment properties.

(e) Valuation uncertainty due to COVID-19

The impact of COVID-19 pandemic on the economic outlook may have an adverse effect on certain tenants' business operations, business viabilities and abilities to meet rental obligations. Such uncertainty has been considered in the valuation of investment property, especially in estimating the market rents and the market yields, all of which are significant inputs into the fair value measurement.

The market disruption caused by COVID-19 pandemic has also resulted in a reduction in transactional evidence and market yields. Whilst this would not invalidate the valuation of the Group's portfolio of investment properties at 31 December 2021, it nevertheless implies that there is more uncertainty than under normal market conditions.

17 Right-of-use assets

	2021 HK$ million	2020 HK$ million
Cost:		
At 1 January	**1,166**	1,113
Exchange adjustments	**1**	1
Additions for the year (note 31)	**170**	646
Addition due to the Group's obtaining of control in Miramar (note 5)	**191**	–
Elimination in relation to leasing activities between the Group's other subsidiaries and Miramar	**(154)**	–
Reinstatement cost	**–**	4
Written back on expiry of leases	**(69)**	(598)
At 31 December	**1,305**	1,166
Accumulated depreciation and impairment losses:		
At 1 January	**416**	662
Exchange adjustments	**1**	1
Addition due to the Group's obtaining of control in Miramar (note 5)	**136**	–
Elimination in relation to leasing activities between the Group's other subsidiaries and Miramar	**(51)**	–
Charge for the year (note 8(d))	**356**	351
Impairment loss	**9**	–
Written back on expiry of leases	**(69)**	(598)
At 31 December	**798**	416
Net book value:		
At 31 December	**507**	750

17 Right-of-use assets (continued)

Except for short-term leases and leases of low-value assets of the Group of which the Company or any of its subsidiaries is a lessee and in relation to which the recognition exemption under HKFRS 16 is applicable, the Group recognises for each of the remaining leases (the "Remaining Leases") a right-of-use asset.

Depreciation charge on the right-of-use assets is recognised using the straight-line method over a period of 2 years to 8 years, being the period from the dates of the commencement/modification of the Remaining Leases to the end of the term of the Remaining Leases taking into consideration any renewal options attaching thereto (if any).

The carrying balances of the right-of-use assets are amortised to nil on the expiry dates of the Remaining Leases.

Indirect ownership interests in leasehold land and buildings relate to certain investment properties held by (i) an associate and a joint venture of the Group; and (ii) Sunlight Real Estate Investment Trust ("Sunlight REIT"). Other properties leased for own use relate to certain property interests held by external third parties.

Further analysis of right-of-use assets by category, at net book values, is as follows:

	2021 **HK$ million**	2020 HK$ million
At 1 January		
– Indirect ownership interests in leasehold land and buildings	**510**	145
– Other properties leased for own use	**240**	306
	750	451
At 31 December		
– Indirect ownership interests in leasehold land and buildings	**300**	510
– Other properties leased for own use	**207**	240
	507	750

18 Goodwill

Goodwill of HK$262 million had arisen from the acquisition of UNY (HK) Co., Limited (which was subsequently renamed as Unicorn Stores (HK) Limited on 27 July 2018) by Henderson Investment Limited, a listed subsidiary of the Company, in May 2018.

The Directors have assessed that there was no impairment on the goodwill at 31 December 2021 and 31 December 2020.

19 Trademarks

	HK$ million
Cost:	
At 1 January 2021	**–**
Addition due to the Group's obtaining of control in Miramar on 14 April 2021 (note 5)	**109**
At 31 December 2021	**109**
Accumulated amortisation:	
At 1 January 2021	**–**
Amortisation during the period from 14 April 2021 to 31 December 2021 (note 8(d))	**3**
At 31 December 2021	**3**
Carrying amount:	
At 31 December 2021	**106**

On 14 April 2021, the Group obtained control of Miramar (see note 5) and has adopted the purchase price allocation method and identified Miramar's trademarks as an identifiable asset measured at fair value at 14 April 2021 based on the Directors' valuation with reference to the valuation performed by a professional valuer.

The amortisation charge on the cost of the trademarks of Miramar's food and beverage operation and travel operation, in the aggregate amount of HK$3 million for the period from 14 April 2021 to 31 December 2021 (2020: Nil), is included in "administrative expenses" in the Group's consolidated statement of profit or loss.

20 Interest in subsidiaries

Details of the principal subsidiaries at 31 December 2021 which materially affected the results, assets or liabilities of the Group or whose business activities are representative of the Group's business portfolio are set out on pages 296 to 302.

The following table lists out the information relating to Miramar, the only subsidiary of the Group which has a material non-controlling interest not held by the Group ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination and consolidation adjustments.

	2021 HK$ million
NCI percentage	**49.925%**
Current assets	**5,604**
Non-current assets	**15,478**
Current liabilities	**(527)**
Non-current liabilities	**(513)**
Non-controlling interests	**(160)**
Net assets attributable to equity shareholders	**19,882**
Carrying amount of NCI	**9,926**
Revenue	**1,247**
Profit for the year	**336**
Total comprehensive income	**376**
Profit allocated to NCI for the period from 14 April 2021 to 31 December 2021	**128**
Dividends paid to NCI for the period from 14 April 2021 to 31 December 2021	**166**
Cash flows generated from operating activities	**202**
Cash flows used in investing activities	**(1,477)**
Cash flows used in financing activities	**(53)**

21 Interest in associates

	2021 HK$ million	2020 HK$ million
Unlisted		
Share of net assets	**3,447**	3,367
Amounts due from associates	**2,765**	3,581
Less: Impairment loss	**(44)**	–
	6,168	6,948
Listed in Hong Kong		
Share of net assets, including goodwill on acquisition	**47,787**	57,890
	53,955	64,838
Market value of listed shares	**94,721**	90,671

Except for the amounts due from associates of HK$24 million (2020: HK$33 million) which are interest-bearing at Hong Kong dollar prime rate less 3% (2020: Hong Kong dollar prime rate less 3%) per annum, all of the amounts due from associates are unsecured, interest-free and have no fixed terms of repayment. The balances are not expected to be recovered within one year from the end of the reporting period and are not past due.

21 Interest in associates (continued)

All of the associates are accounted for using the equity method in the consolidated financial statements. Details of the principal associates at 31 December 2021 are set out on page 303.

Summarised financial information of the material associate, adjusted for any differences in accounting policies and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	The Hong Kong and China Gas Company Limited *(note)*	
	2021 HK$ million	2020 HK$ million
Gross amounts of the associate's:		
Current assets	**24,188**	20,157
Non-current assets	**144,021**	130,356
Current liabilities	**(38,534)**	(29,806)
Non-current liabilities	**(47,713)**	(41,339)
Equity	**81,962**	79,368
Revenue	**53,564**	40,927
Profit from continuing operation	**6,226**	7,212
Other comprehensive income	**2,095**	3,227
Total comprehensive income	**8,321**	10,439
Dividend received from the associate	**2,627**	2,502
Reconciled to the Group's interest in the associate:		
Gross amount of net assets of the associate	**81,962**	79,368
Carrying amount of perpetual capital securities	**(2,384)**	(2,384)
Non-controlling interests	**(12,028)**	(10,011)
Equity attributable to equity shareholders	**67,550**	66,973
Group's interest	**41.53%**	41.53%
Group's share of the associate's equity attributable to equity shareholders	**28,054**	27,814
Goodwill	**17,519**	17,519
Carrying amount in the consolidated financial statements	**45,573**	45,333
Market value of the listed shares	**94,069**	85,457

Note: The principal activities of The Hong Kong and China Gas Company Limited are the production, distribution and marketing of gas, water supply and emerging environmentally-friendly energy businesses. Its distinctive business nature forms a supplement to the Group's core business of property development and property investment to smooth out the cyclicality of the Group's property development business.

21 Interest in associates (continued)

Aggregate information of associates that are not individually material:

	2021 HK$ million	2020 HK$ million
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**8,382**	19,505
Aggregate amounts of the Group's share of those associates:		
Profit from continuing operation	**112**	29
Other comprehensive income	**102**	239
Total comprehensive income	**214**	268

22 Interest in joint ventures

	2021 HK$ million	2020 HK$ million
Share of net assets	**53,593**	44,279
Less: Impairment loss	**(2)**	(2)
	53,591	44,277
Amounts due from joint ventures	**27,296**	25,766
	80,887	70,043

The amounts due from joint ventures are unsecured, interest-free, have no fixed terms of repayment and are not expected to be recovered within one year from the end of the reporting period except for the amounts of HK$10 million (2020: HK$11 million), HK$3 million (2020: HK$196 million), HK$7,831 million (2020: HK$2,910 million) and HK$25 million (2020: HK$Nil) which are interest-bearing at Hong Kong dollar prime rate (2020: Hong Kong dollar prime rate) per annum, Hong Kong Interbank Offered Rate ("HIBOR") plus 0.5% (2020: HIBOR plus 0.5%) per annum, HIBOR plus 1% (2020: HIBOR plus 1%) per annum and Hong Kong dollar prime rate less 3% (2020: Nil) per annum respectively. The balances are not past due.

All of the joint ventures are accounted for using the equity method in the consolidated financial statements. Details of the principal joint ventures at 31 December 2021 are set out on page 304.

22 Interest in joint ventures (continued)

Summarised financial information of the material joint venture, adjusted for any differences in accounting policies and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	Central Waterfront Property Investment Holdings Limited *(note)*	
	2021 HK$ million	2020 HK$ million
Gross amounts of the joint venture's:		
Current assets	**505**	717
Non-current assets	**114,932**	114,627
Current liabilities	**(2,767)**	(2,434)
Non-current liabilities	**(17,551)**	(18,006)
Equity	**95,119**	94,904
Included in the above assets and liabilities:		
Cash and cash equivalents	**178**	190
Current financial liabilities (excluding trade and other payables and provisions)	**(1,000)**	(500)
Non-current financial liabilities (excluding trade and other payables and provisions)	**(16,385)**	(16,875)
Revenue	**4,915**	5,121
Decrease in fair value of investment properties	**(21)**	(3,021)
Profit/(loss) from continuing operation	**2,657**	(149)
Other comprehensive income	**(22)**	26
Total comprehensive income	**2,635**	(123)
Dividend received from the joint venture	**828**	907
Included in the above profit/(loss):		
Depreciation and amortisation	**(73)**	(61)
Interest income	**–**	4
Interest expense	**(306)**	(417)
Income tax expense	**(512)**	(573)
Reconciled to the Group's interest in the joint venture:		
Gross amount of net assets of the joint venture	**95,119**	94,904
Group's interest	**34.21%**	34.21%
Group's share of net assets of the joint venture and its carrying amount in the consolidated financial statements	**32,540**	32,467

Note: Central Waterfront Property Investment Holdings Limited was incorporated in the British Virgin Islands by the Group and its joint venture partners and operates in Hong Kong. Its subsidiaries are mainly engaged in property investment and hotel operation in the International Finance Centre complex in Hong Kong.

22 Interest in joint ventures (continued)

Aggregate information of joint ventures that are not individually material:

	2021 HK$ million	2020 HK$ million
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	**48,347**	37,576
Aggregate amounts of the Group's share of those joint ventures:		
Profit from continuing operation	**718**	687
Other comprehensive income	**410**	637
Total comprehensive income	**1,128**	1,324

23 Derivative financial instruments

	2021		2020	
	Assets HK$ million	Liabilities HK$ million	Assets HK$ million	Liabilities HK$ million
Cash flow hedges:				
Cross currency interest rate swap contracts (note 4(h)(i))	**714**	**347**	1,161	131
Interest rate swap contracts (note 4(h)(i))	**5**	**74**	–	332
Total cash flow hedges	**719**	**421**	1,161	463
Fair value through profit or loss:				
Cross currency interest rate swap contracts (note 4(h)(i))	**8**	**4**	17	13
Cross currency swap contracts (note 4(h)(i))	**–**	**–**	–	6
Interest rate swap contracts (note 4(h)(i))	**199**	**306**	400	767
Foreign exchange forward contracts (note 4(h)(i))	**26**	**25**	8	–
	233	**335**	425	786
	952	**756**	1,586	1,249
Representing:				
Non-current portion	**769**	**720**	1,319	1,190
Current portion (notes 27 and 30)	**183**	**36**	267	59
	952	**756**	1,586	1,249

Details of the Group's derivative financial instruments under cash flow hedges, and derivative financial instruments which hedge against (i) foreign currency risk and interest rate risk but not under cash flow hedges; (ii) interest rate risk but not under cash flow hedges; and (iii) foreign currency risk but not under cash flow hedges (and where all of (i), (ii) and (iii) are referred to as "economic hedge"), at 31 December 2021 and 31 December 2020 are set out in note 4(c) to these financial statements.

24 Other financial assets

	2021 HK$ million	2020 HK$ million
Investments designated as financial assets at FVOCI (non-recycling)		
Investments in equity securities		
Unlisted (note 4(h)(i))	**59**	79
Listed (note 4(h)(i)):		
– in Hong Kong	**124**	78
	183	157
Investments measured as financial assets at FVPL		
Investments in other securities		
Listed (note 4(h)(i)):		
– in Hong Kong	**1,364**	1,133
	1,364	1,133
Financial assets measured at amortised cost		
Corporate bonds	**8**	–
Instalments receivable	**6,409**	7,672
Loans receivable	**1,139**	2,224
	7,556	9,896
	9,103	11,186

(a) Instalments receivable

Instalments receivable represent the proceeds receivable from the sale of properties due after more than one year from the end of the reporting period. The balance included in "Other financial assets" is not past due. Instalments receivable due within one year from the end of the reporting period are included in "Trade and other receivables" under current assets (see note 27).

Instalments receivable, which are due within one year (see note 27) and after more than one year from the end of the reporting period, included an amount of HK$5,329 million (2020: HK$6,529 million) representing the aggregate attributable amounts of the outstanding mortgage loans advanced by the Group to the property buyers and which were already drawdown by the property buyers at the end of the reporting period.

(b) Loans receivable

The Group's loans receivable comprised the following amounts:

	2021 HK$ million	2020 HK$ million
Secured loans	**949**	–
Unsecured loans	**190**	2,224
	1,139	2,224

24 Other financial assets (continued)

(b) Loans receivable (continued)

At 31 December 2021, except for an amount of HK$550 million which is interest-bearing at HIBOR plus 2.25% per annum, the remaining balance of the abovementioned secured loans in the aggregate amount of HK$399 million is interest-bearing at fixed interest rate of 5.5% per annum (2020: Nil).

The entire balance of the abovementioned unsecured loans is interest-bearing at fixed interest rates ranging from 3.8% to 7.5% (2020: 3.8% to 7.5%) per annum.

These balances are due after more than one year from the end of the reporting period and are not past due.

The balances of loans receivable which are expected to be recovered within one year from the end of the reporting period have been classified as "Trade and other receivables" under current assets (see note 27). The balances are not past due.

25 Deposits for acquisition of properties

The Group's deposits for acquisition of properties mainly include HK$339 million (2020: HK$329 million) and HK$Nil (2020: HK$261 million) paid relating to the acquisition of certain pieces of land/properties located in mainland China and Macau Special Administrative Region of the PRC ("Macau"), respectively.

On 27 April 2005, the Group entered into a shareholders' agreement with an independent third party for acquiring 51% beneficial interest in a company incorporated in Macau which had received a land concession relating to a development site situated in Macau. A deposit of HK$561 million was made by the Group in 2005 (the "Deposit") and the Group's recoverability of the Deposit was guaranteed by a registered bank in Macau. For the reason that the conditions precedent for acquisition of the land have not been fulfilled and the acquisition cannot proceed, pursuant to the shareholders' agreement, the Group had recovered part of the Deposit in the amount of HK$300 million in September 2020 and the remaining balance of the Deposit in the amount of HK$261 million in June 2021. As a result, the entire amount of the Deposit was fully recovered by the Group at 31 December 2021.

26 Inventories

	2021 HK$ million	2020 HK$ million
Property development		
Leasehold land held for development for sale	**10,851**	10,358
Properties held for/under development for sale	**75,739**	82,792
Completed properties for sale	**22,434**	7,774
	109,024	100,924
Other operations		
Trading stocks and consumable stores	**156**	135
	109,180	101,059

26 Inventories (continued)

The analysis of carrying value of inventories for property development is as follows:

	2021 HK$ million	2020 HK$ million
In Hong Kong		
– under long leases	**38,521**	37,258
– under medium-term leases	**64,614**	57,884
	103,135	95,142
In mainland China		
– under long leases	**4,963**	5,172
– under medium-term leases	**926**	610
	5,889	5,782
	109,024	100,924
Including:		
– Properties expected to be completed after more than one year	**58,347**	75,900

27 Trade and other receivables

	2021 HK$ million	2020 HK$ million
(i) Trade receivables		
Debtors	**7,060**	8,329
Prepayments and deposits	**5,043**	3,464
Gross amount due from customers for contract work (note 28)[^]	**82**	83
Amounts due from associates	**5**	44
Amounts due from joint ventures	**148**	31
	12,338	11,951
(ii) Other current financial assets		
Instalments receivable (note 24(a))	**221**	266
Loans receivable (note 24(b))	**3,714**	3,054
Financial assets measured at FVPL (note 4(h)(i))	**388**	326
Derivative financial instruments (note 23)	**183**	267
	4,506	3,913
	16,844	15,864

(^) These balances represent the excess of cumulative revenue recognised in profit or loss over the cumulative payments made by customers at the end of the reporting periods, and are recognised as contract assets (see note 2(p)).

Loans receivable, of which HK$63 million (2020: HK$779 million) are secured and HK$3,651 million (2020: HK$2,275 million) are unsecured, are expected to be recovered within one year from the end of the reporting period, and are not past due.

27 Trade and other receivables (continued)

Typical payment terms which impact on the amount of contract assets recognised are as follows:

Gross amount due from customers for contract work

The Group's construction contracts include payment schedules which require staged payments over the construction period once certain milestones are reached as certified by architects' certificates. At 31 December 2021, the Group had two construction contracts for agreed retention period of twelve months for 5% to 10% of the contract value (2020: the Group had two construction contracts for agreed retention periods of twelve months and twenty-four months respectively for 10% of the contract value), which amounts are included in contract assets until the end of the retention periods as the Group's entitlements to these final payments are conditional on the Group's construction works satisfactorily passing inspection.

All of the trade and other receivables are expected to be recovered or recognised as expense within one year except for various deposits, prepayments and other receivables of HK$3,499 million (2020: HK$3,667 million) which are expected to be recovered after more than one year from the end of the reporting period.

The amounts due from associates and joint ventures are unsecured, interest-free, have no fixed terms of repayment and are not past due.

(a) Ageing analysis

At the end of the reporting period, the ageing analysis of trade debtors (which are included in trade and other receivables), based on the dates of invoices or demand notes and net of loss allowance, is as follows:

	2021 HK$ million	2020 HK$ million
Current or up to 1 month	**405**	405
More than 1 month and up to 3 months	**44**	83
More than 3 months and up to 6 months	**18**	31
More than 6 months	**37**	33
	504	552

Details of the Group's credit policy are set out in note 4(a).

(b) Impairment of trade debtors

Impairment losses in respect of trade debtors are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly (see note 2(n)(i)).

The movement in the allowance account during the year is as follows:

	2021 HK$ million	2020 HK$ million
At 1 January	**22**	15
Exchange differences	**–**	1
Addition due to the Group's obtaining of control in Miramar	**10**	–
Impairment loss (notes 7 and 15(c))	**1**	6
Uncollectible amounts written off	**(2)**	–
At 31 December	**31**	22

28 Gross amount due from/(to) customers for contract work

	2021 HK$ million	2020 HK$ million
Contracts in progress at the end of the reporting period:		
Contract costs incurred plus profits less losses	**678**	316
Progress billings	**(600)**	(235)
Net contract work	**78**	81
Represented by:		
Gross amount due from customers for contract work recognised as contract assets under "Trade and other receivables" (note 27)	**82**	83
Gross amount due to customers for contract work recognised as contract liabilities under "Trade and other payables" (note 30)	**(4)**	(2)
	78	81

29 Cash and bank balances and movements in the carrying amounts of items relating to financing activities

(a) Cash and cash equivalents comprise:

	2021 HK$ million	2020 HK$ million
Deposits with banks and other financial institutions	**8,937**	3,523
Structured bank deposits	**39**	38
Cash at bank and in hand	**1,971**	2,246
Cash and bank balances in the consolidated statement of financial position *(note)*	**10,947**	5,807
Less:		
Deposits with banks and other financial institutions over three months of maturity at acquisition	**(2,412)**	(193)
Cash restricted for use	**(392)**	(219)
Structured bank deposits	**(39)**	(38)
Cash and cash equivalents in the consolidated cash flow statement	**8,104**	5,357

Note:

Cash and bank balances in the consolidated statement of financial position of HK$10,947 million at 31 December 2021 included Miramar's cash and bank balances in the amount of HK$5,248 million at 31 December 2021 due to the consolidation of Miramar upon obtaining of control (see note 5) (2020: Nil).

At 31 December 2021, cash and bank balances in the consolidated statement of financial position included (i) bank balances in the aggregate amount of HK$392 million (2020: HK$219 million) which were restricted for use and primarily comprised the guarantee deposits for the construction of certain property development projects under pre-sales in mainland China; and (ii) structured bank deposits denominated in Renminbi in the equivalent amount of HK$39 million (2020: HK$38 million) which were capital-protected.

29 Cash and bank balances and movements in the carrying amounts of items relating to financing activities (continued)

(b) Movements in the carrying amounts of items relating to financing activities

	Lease liabilities HK$ million (note 31)	Bank loans HK$ million (note 32)	Guaranteed notes HK$ million (note 33)	Derivative financial instruments, net HK$ million (note 23)	Amount due to a fellow subsidiary HK$ million (note 34)	Amount due to a related company HK$ million (note 35)	Amounts due to non-controlling interests and joint ventures, net HK$ million	Total HK$ million
At 1 January 2020	474	79,925	11,727	(72)	737	–	5,516	98,307
Changes from financing cash flows:								
Advance from non-controlling interests, net	–	–	–	–	–	–	56	56
Proceeds from new bank loans/ guaranteed notes	–	29,706	8,487	–	–	–	–	38,193
Repayment of bank loans/guaranteed notes	–	(41,952)	(1,484)	–	–	–	–	(43,436)
Increase in amount due to a fellow subsidiary	–	–	–	–	3,652	–	–	3,652
Increase in amount due to a related company	–	–	–	–	–	2,085	–	2,085
Payments of principal portion of lease liabilities	(348)	–	–	–	–	–	–	(348)
Interest and other borrowing costs paid during the year	(22)	(1,178)	(495)	(211)	(28)	(16)	(175)	(2,125)
Total changes from financing cash flows	(370)	(13,424)	6,508	(211)	3,624	2,069	(119)	(1,923)
Exchange adjustments	1	951	10	–	–	52	–	1,014
Changes in fair value	–	–	–	(265)	–	–	–	(265)
Other changes:								
Interest expenses (before capitalisation) for the year (note 8(a))	22	1,101	524	223	28	16	175	2,089
Other borrowing costs (before capitalisation) for the year (note 8(a))	–	86	5	–	–	–	–	91
Increase in lease liabilities from entering into new leases during the year	646	–	–	–	–	–	–	646
Others	–	27	(21)	(12)	–	–	412	406
Total other changes	668	1,214	508	211	28	16	587	3,232
At 31 December 2020	773	68,666	18,753	(337)	4,389	2,137	5,984	100,365

29 Cash and bank balances and movements in the carrying amounts of items relating to financing activities (continued)

(b) Movements in the carrying amounts of items relating to financing activities (continued)

	Lease liabilities HK$ million (note 31)	Bank loans HK$ million (note 32)	Guaranteed notes HK$ million (note 33)	Derivative financial instruments, net HK$ million (note 23)	Amount due to a fellow subsidiary HK$ million (note 34)	Amounts due to related companies HK$ million (note 35)	Amounts due to non-controlling interests and joint ventures, net HK$ million	Total HK$ million
At 1 January 2021	773	68,666	18,753	(337)	4,389	2,137	5,984	100,365
Consolidation of Miramar upon obtaining of control (note 5)	70	3	–	–	–	–	–	73
Changes from financing cash flows:								
Advance from non-controlling interests, net	–	–	–	–	–	–	115	115
Proceeds from new bank loans/guaranteed notes	–	59,777	9,589	–	–	–	–	69,366
Repayment of bank loans/guaranteed notes	–	(53,341)	(3,074)	–	–	–	–	(56,415)
Increase in amount due to a fellow subsidiary	–	–	–	–	49,321	–	–	49,321
Increase in amounts due to related companies	–	–	–	–	–	881	–	881
Payments of principal portion of lease liabilities	(389)	–	–	–	–	–	–	(389)
Interest and other borrowing costs paid during the year	(20)	(684)	(547)	(276)	(122)	(14)	(211)	(1,874)
Total changes from financing cash flows	(409)	5,752	5,968	(276)	49,199	867	(96)	61,005
Exchange adjustments	1	(762)	97	–	–	67	–	(597)
Changes in fair value	–	–	–	141	–	–	–	141
Other changes:								
Interest expenses (before capitalisation) for the year (note 8(a))	20	600	634	296	122	105	211	1,988
Other borrowing costs (before capitalisation) for the year (note 8(a))	–	101	4	–	–	–	–	105
Increase in lease liabilities from entering into new leases during the year	170	–	–	–	–	–	–	170
Others	(84)	(2)	(75)	(20)	–	–	936	755
Total other changes	106	699	563	276	122	105	1,147	3,018
At 31 December 2021	541	74,358	25,381	(196)	53,710	3,176	7,035	164,005

29 Cash and bank balances and movements in the carrying amounts of items relating to financing activities (continued)

(c) Total cash outflow for leases (under which the Group is the lessee)

Amounts included in the Group's consolidated cash flow statement for leases (under which the Group is the lessee) comprise the following:

	2021 HK$ million	2020 HK$ million
Within operating cash flows (relating to short-term leases which fall within the "practical expedient" under HKFRS 16 (before capitalisation))	**18**	47
Within financing cash flows (note 29(b))	**409**	370
Total cash outflows recognised in the Group's consolidated cash flow statement	**427**	417

30 Trade and other payables

	2021 HK$ million	2020 HK$ million
Creditors and accrued expenses	**8,582**	6,182
Gross amount due to customers for contract work (note 28) [#]	**4**	2
Rental and other deposits received	**1,966**	1,620
Forward sales deposits received and other contract liabilities [#]	**6,136**	8,587
Derivative financial instruments (note 23)	**36**	59
Provision for reinstatement costs	**12**	–
Amounts due to associates	**1,321**	1,105
Amounts due to joint ventures	**10,423**	4,749
	28,480	22,304

[#] *These balances represent the excess of cumulative payments made by customers over the cumulative revenue recognised in profit or loss at the end of the reporting periods, and are recognised as contract liabilities (see note 2(p)).*

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

Forward sales deposits received

The Group receives 5% to 15% of the amount of sale consideration as deposits from customers when they sign the sale and purchase agreements relating to property sales. Such deposit is recognised as a contract liability until the property is completed and legally assigned to the customer. The rest of the sale consideration is typically paid when legal assignment is completed.

However, depending on market conditions, the Group may offer to customers a discount compared to the listed sales price, provided that the customers agree to pay the balance of the sale consideration early while construction is still ongoing, rather than upon legal assignment. Such advance payment schemes result in contract liabilities being recognised throughout the remaining property construction period for the full amount of the sale consideration.

30 Trade and other payables (continued)

Movements in contract liabilities

	Forward sales deposits and other contract liabilities received	
	2021 HK$ million	2020 HK$ million
At 1 January	**8,587**	14,897
Exchange differences	**–**	42
Addition due to the Group's obtaining of control in Miramar (note 5)	**71**	–
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(3,440)**	(9,491)
Increase in contract liabilities as a result of forward sales deposits received from customers during the year in relation to property projects held for/under development and completed property projects pending assignment/completion, and in relation to provision of services at the end of the year	**918**	3,139
At 31 December	**6,136**	8,587

(a) All of the Group's trade and other payables are expected to be settled within one year or are repayable on demand except for an amount of HK$1,150 million (2020: HK$922 million) which is expected to be settled after more than one year from the end of the reporting period.

(b) At the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the due dates for settlement, is as follows:

	2021 HK$ million	2020 HK$ million
Due within 1 month or on demand	**2,927**	2,107
Due after 1 month but within 3 months	**398**	358
Due after 3 months but within 6 months	**326**	187
Due after 6 months	**1,306**	1,467
	4,957	4,119

(c) The amounts due to associates and joint ventures at 31 December 2021 and 31 December 2020 are unsecured, interest-free and have no fixed terms of repayment except for aggregate amounts due to certain associates and certain joint ventures of HK$2,426 million (2020: HK$1,569 million) which are unsecured, interest-bearing at interest rates ranging from 3.80% to 3.85% (2020: 3.80% to 3.85%) per annum and wholly repayable between 24 January 2022 and 29 November 2022 (2020: between 15 January 2021 and 10 December 2021).

31 Lease liabilities

	2021 HK$ million	2020 HK$ million
At 1 January	**773**	474
Exchange adjustments	**1**	1
Additions for the year (notes 17 and 29(b))	**170**	646
Addition due to the Group's obtaining of control in Miramar (note 5)	**70**	–
Elimination in relation to leasing activities between the Group's other subsidiaries and Miramar	**(84)**	–
Lease payment made during the year (note 29(b))	**(409)**	(370)
Finance costs on lease liabilities for the year (notes 8(a) and 29(b))	**20**	22
At 31 December	**541**	773

	2021 HK$ million	2020 HK$ million
Represented by:		
Amount classified under current liabilities		
– contractual maturity within 1 year	**290**	338
Amounts classified under non-current liabilities		
– contractual maturity after 1 year but within 2 years	**163**	259
– contractual maturity after 2 years but within 5 years	**88**	176
	251	435
	541	773

The carrying balances of the lease liabilities are amortised to nil on the expiry dates of the Remaining Leases.

32 Bank loans

The Group's bank loans were repayable as follows:

	2021 HK$ million	2020 HK$ million
Within 1 year and included in current liabilities	**30,207**	26,254
After 1 year and included in non-current liabilities		
– After 1 year but within 2 years	**11,903**	14,260
– After 2 years but within 5 years	**12,703**	12,891
– After 5 years	**19,545**	15,261
	44,151	42,412
	74,358	68,666

At 31 December 2021 and 31 December 2020, all of the bank loans were unsecured.

Certain of the Group's banking facilities are subject to the fulfilment of covenants relating to certain ratios in the Group's statement of financial position and minimum net assets requirement, as are commonly found in lending arrangements with financial institutions. Any breach of the covenants by the Group would result in the drawdown facilities to become repayable on demand. The Group regularly monitors its compliance with those covenants. Further details of the Group's management of liquidity risk are set out in note 4(b). At 31 December 2021 and 31 December 2020, none of the covenants relating to the drawdown facilities had been breached.

33 Guaranteed notes

	2021 HK$ million	2020 HK$ million
Guaranteed notes due 2022	**156**	155
Guaranteed notes issued pursuant to the Medium Term Note Programme	**25,225**	18,598
	25,381	18,753

The Group's guaranteed notes were repayable as follows:

	2021 HK$ million	2020 HK$ million
Within 1 year and included in current liabilities	**1,577**	3,078
After 1 year and included in non-current liabilities		
– After 1 year but within 2 years	**9,337**	1,574
– After 2 years but within 5 years	**8,033**	7,825
– After 5 years	**6,434**	6,276
	23,804	15,675
	25,381	18,753

33 Guaranteed notes (continued)

(a) Guaranteed notes due 2022

On 25 July 2007, the Company through a wholly-owned subsidiary issued guaranteed loan notes (the "2007 Notes") with aggregate principal amounts of US$325 million and £50 million under private placements in the United States of America and in Europe, respectively. At 31 December 2021, the 2007 Notes with principal amount of US$20 million (2020: US$20 million) bore fixed interest rate at 6.38% (2020: 6.38%) per annum payable semi-annually in arrears. The 2007 Notes are guaranteed by the Company and will mature on 25 July 2022 (2020: 25 July 2022).

(b) Guaranteed notes issued pursuant to the Medium Term Note Programme (the "MTN Programme")

On 15 October 2018, the Company increased the maximum aggregate principal amount of notes to be guaranteed by the Company and outstanding at any one time under the MTN Programme, from US$3,000 million to US$5,000 million. The aggregate carrying amounts of the guaranteed notes issued under the MTN Programme during the year ended 31 December 2021 were HK$3,897 million, US$30 million and RMB4,532 million, and the guaranteed notes issued under the MTN Programme which remained outstanding at 31 December 2021 comprised HK$12,274 million, US$940 million, RMB4,532 million and ¥2,000 million (2020: the aggregate carrying amounts of the guaranteed notes issued under the MTN Programme during the year were HK$3,863 million and US$600 million, and the guaranteed notes issued under the MTN Programme which remained outstanding at 31 December 2020 comprised HK$11,219 million, US$910 million, RMB200 million and ¥2,000 million).

The guaranteed notes which remained outstanding at 31 December 2021 under the MTN Programme were issued by a wholly-owned subsidiary of the Company during the period between 20 October 2011 and 19 November 2021 (2020: between 23 September 2011 and 3 July 2020), and bear coupon rates ranging from 0.80% to 5.20% per annum (2020: 0.80% to 5.20% per annum) payable quarterly, semi-annually or annually in arrears, and have maturity dates between 4 February 2022 (which has already been repaid by the Group on the maturity date) and 9 March 2035 (2020: between 26 February 2021 and 9 March 2035).

34 Amount due to a fellow subsidiary

At 31 December 2021 and 31 December 2020, all of the amount due to a fellow subsidiary is unsecured, interest-bearing and is not expected to be settled within one year from the end of the reporting period, and has no fixed terms of repayment.

35 Amounts due to related companies

At 31 December 2021 and 31 December 2020, all of the amounts due to related companies are unsecured, interest-bearing and repayable as follows:

	2021 HK$ million	2020 HK$ million
Within 1 year and included in current liabilities	**111**	–
After 1 year and included in non-current liabilities		
– After 1 year but within 2 years	**2,527**	–
– After 2 years but within 5 years	**538**	2,137
	3,065	2,137
	3,176	2,137

36 Non-controlling interests

Included in the Group's non-controlling interests of HK$17,159 million at 31 December 2021 are (i) an amount of HK$12,300 million related to Miramar's consolidated net assets attributable to the non-controlling interests at 31 December 2021 due to consolidation of Miramar upon obtaining of control on 14 April 2021; and (ii) an amount of HK$160 million related to the non-controlling interests in Miramar's subsidiaries as 31 December 2021.

37 Capital and reserves

(a) Movements in components of equity

The reconciliation between the opening and closing balances during the year of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of changes in the Company's individual components of equity between the beginning and the end of the year are set out in note 44(b).

(b) Nature and purpose of reserves

(i) Property revaluation reserve

The property revaluation reserve relates to other land and buildings. Where other land and buildings is reclassified to investment properties, the cumulative increase in fair value at the date of reclassification is included in the property revaluation reserve, and will be transferred to retained profits upon the retirement or disposal of the relevant property.

(ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 2(y).

(iii) Fair value reserve (recycling)

The fair value reserve (recycling) comprises the cumulative net change in the fair value of debt securities measured at FVOCI under HKFRS 9 held at the end of the reporting period (see note 2(g)).

(iv) Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investment designated at FVOCI under HKFRS 9 held at the end of the reporting period (see note 2(g)).

(v) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of a derivative financial instrument which is designated as a hedge of the variability in cash flows of a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk of a committed future transaction, in accordance with the accounting policy adopted for cash flow hedges in note 2(i).

(vi) Other reserves

Other reserves mainly comprise the statutory reserve set up for enterprises established in mainland China. According to the relevant rules and regulations in the People's Republic of China ("the PRC") applicable to wholly foreign-owned enterprises, a wholly foreign-owned enterprise is required to transfer at least 10% of its profit after taxation, as determined under the PRC Accounting Regulations, to a reserve fund until the reserve fund balance reaches 50% of the relevant enterprise's registered capital.

38 Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that the Group can continue to provide financial returns to shareholders, and by securing access to financing sources at reasonable costs.

The Group regularly reviews and manages its capital structure under the policy of prudent financial management. The Group maintains a financially sound capital position and, where appropriate, makes adjustments to its capital structure in light of remarkable changes in the financial and capital markets and in economic conditions.

The Group monitors its capital structure on the basis of gearing ratio, which is one of the most commonly adopted measurement standards for capital management by companies engaged in the businesses of property development and property investment. Gearing ratio is calculated based on the net debt (being the aggregate of the Group's bank and other borrowings and the amounts due to related companies (collectively, the "Total debt") less cash and bank balances) and shareholders' funds of the Group at the end of the reporting period.

During the year ended 31 December 2021, the Group's strategy, which was unchanged from that for the corresponding year ended 31 December 2020, was to secure long-term funding sources at attractive borrowing costs so as to finance the development of the Group's land bank in Hong Kong and mainland China in the coming years. The Group continued to maintain a low gearing ratio during the year, which has the effect of minimising any unfavourable impact on the Group arising from any unforeseeable adverse changes in the local and/or international financial markets, capital markets and economic conditions.

The Group's gearing ratios at 31 December 2021 and 31 December 2020 were as follows:

	2021 HK$ million	2020 HK$ million
Bank and other borrowings (including guaranteed notes) repayable:		
– Within 1 year	**31,784**	29,332
– After 1 year but within 2 years	**21,240**	15,834
– After 2 years but within 5 years	**20,736**	20,716
– After 5 years	**25,979**	21,537
Amounts due to related companies	**3,176**	2,137
Total debt	**102,915**	89,556
Less: Cash and bank balances	**(10,947)**	(5,807)
Net debt	**91,968**	83,749
Shareholders' funds	**335,020**	327,607
Gearing ratio (%)	**27.5%**	25.6%

Neither the Company nor any of its subsidiaries was subject to externally imposed capital requirements during the year and at 31 December 2021 and 31 December 2020.

39 Acquisitions of subsidiaries

Save as disclosed in note 5, the Group did not acquire any subsidiaries during the year ended 31 December 2021.

The Group acquired certain subsidiaries during the corresponding year ended 31 December 2020. The fair value of the assets acquired for the Group's acquisitions of subsidiaries were as follows:

	2020 HK$ million
Inventories	123
Trade and other receivables	1
Net consideration	124
Representing:	
Cash consideration paid	124
Net cash outflow in respect of the acquisitions:	
Cash consideration paid	124
	124

40 Capital commitments

At 31 December 2021, the Group had capital commitments not provided for in these financial statements as follows:

		2021 **HK$ million**	2020 HK$ million
(a)	Contracted for acquisition of property and future development expenditure and the related costs of internal fixtures and fittings	**11,237**	16,486
	Future development expenditure and the related costs of internal fixtures and fittings approved by the Directors but not contracted for	**16,896**	14,186
		28,133	30,672
(b)	**In relation to the capital commitments undertaken by joint ventures and certain associates attributable to the Group:**		
	Contracted for acquisition of property and future development expenditure and the related costs of internal fixtures and fittings	**3,585**	2,245
	Future development expenditure and the related costs of internal fixtures and fittings approved by the Directors but not contracted for	**9,380**	4,789
		12,965	7,034

41 Significant leasing arrangements

(a) Lessor

The Group leases out a number of land/building facilities. The leases typically run for an initial period of one to three years, with an option to renew the lease after that date at which time all terms are re-negotiated. Further details of the carrying value of the properties are contained in note 16.

The total future minimum lease payments under non-cancellable leases are receivable as follows:

	2021 HK$ million	2020 HK$ million
Within 1 year	**5,124**	4,389
After 1 year but within 2 years	**3,206**	2,777
After 2 years but within 3 years	**1,568**	1,300
After 3 years but within 4 years	**684**	481
After 4 years but within 5 years	**438**	233
After 5 years	**800**	398
	11,820	9,578

(b) Lessee

The Group leases a number of building facilities under operating leases. The leases typically run for an initial period of one to five years, with an option to renew the lease after that date at which time all terms are re-negotiated.

42 Contingent liabilities

At 31 December 2021, contingent liabilities of the Group were as follows:

(a) an amount of HK$11 million (2020: HK$11 million) relating to the Group's undertaking to indemnify Sunlight REIT for any tax liabilities relating to events occurred on or before the completion of the sale of certain subsidiaries and shareholders' loans to Sunlight REIT (the "Completion") in December 2006, clawback of commercial building allowances and capital allowances granted up to the Completion and re-classification of the properties before or upon the Completion, pursuant to Deeds of Tax Covenant entered into between the Group and Sunlight REIT;

(b) an amount of HK$1,164 million (2020: HK$399 million) relating to performance bonds, guarantees and undertakings for the due and proper performance of the obligations of the Group's subsidiaries and projects, the increase of which is mainly attributable to the Group's guarantees to a bank in relation to the finance undertaking by such bank in favour of the HKSAR Government for the completion of the Group's two residential development projects at The Kai Tak Development Area and Un Chau Street, Kowloon, Hong Kong under the terms and conditions of the relevant land grants;

(c) an amount of HK$1,558 million (2020: HK$1,578 million) relating to guarantees given by the Group to financial institutions on behalf of purchasers of property units of the Group's development projects in mainland China in relation to which the related Building Ownership Certificate (房產證) had not yet been issued at 31 December 2021 (and such guarantees will be released upon the issuance of the Building Ownership Certificate);

(d) an amount of HK$430 million (2020: HK$430 million) relating to the Group's attributable and proportional share (in accordance with the Group's attributable interest in a joint venture engaged in the development of commercial properties in Citygate, Tung Chung, Lantau Island, Hong Kong and in which the Group has a 20% interest) of contingent liabilities in respect of an irrevocable, unconditional and several guarantee given by the Group to the lending bank in relation to the amount drawn down on a loan facility which was entered into on 26 April 2021 between such lending bank and the joint venture (which refinanced the previous loan facility pursuant to the loan facility agreement dated 2 May 2017);

(e) an irrevocable and unconditional guarantee issued by the Company in favour of the Urban Renewal Authority ("URA") in relation to the obligations of a wholly-owned subsidiary of the Company ("First Developer") under the Development Agreement dated 21 November 2018 between URA and the First Developer which includes the construction and delivery by the First Developer, on or before certain prescribed dates, of certain properties whose ownership shall be retained by URA absolutely for such purposes and usages to be decided by URA at its sole discretion in relation to a land parcel registered in the Land Registry as New Kowloon Inland Lot No. 6585;

(f) amounts of HK$1,670 million (2020: HK$1,670 million), HK$2,100 million (2020: HK$2,100 million), HK$1,314 million (2020: HK$1,314 million) and HK$2,940 million (2020: HK$2,940 million) relating to the Group's attributable and proportional shares (in accordance with the Group's attributable interests in four joint ventures engaged in the development of residential properties at The Kai Tak Development Area, and in which the Group has 29.3% interest, 30% interest, 18% interest and 30% interest respectively) of contingent liabilities in respect of irrevocable, unconditional and several guarantees given by the Group to certain lending banks in relation to the maximum amounts which may be drawn down on certain loan facilities which were entered into on 8 July 2019, 4 December 2019, 1 June 2020 and 30 October 2020 respectively between such lending banks and the four joint ventures; and

42 Contingent liabilities (continued)

At 31 December 2021, contingent liabilities of the Group were as follows: (continued)

(g) an irrevocable and unconditional guarantee issued by the Company in favour of URA to undertake and guarantee the fulfilment of all the obligations of another wholly-owned subsidiary of the Company ("Second Developer") under the Development Agreement dated 12 October 2021 between URA and the Second Developer which relates to the development of a site owned by URA at Bailey Street/ Wing Kwong Street, To Kwa Wan, Kowloon, Hong Kong. The said guarantee has been replaced by a new guarantee dated 24 February 2022 ("New Guarantee") which was executed by the Company, Empire Development Hong Kong (BVI) Limited ("Empire") and Hysan Development Company Limited ("Hysan") as guarantors in favour of URA in relation to the change in the shareholding structure of the Second Developer as referred to in note 45(b) to these financial statements. Under the New Guarantee, the Group's contingent liabilities shall be reduced to such amount which is proportional to the Group's attributable interest in the Second Developer as a joint venture.

43 Material related party transactions

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions during the year:

(a) Transactions with fellow subsidiaries

Details of material related party transactions during the year between the Group and its fellow subsidiaries are as follows:

	2021 HK$ million	2020 HK$ million
Rental income *(note (iii))*	**3**	5
Other interest expense *(note (i))*	**129#**	28#
Sales commission income *(note (iii))*	**11**	5
Administration fee income *(note (ii))*	**11**	11

(b) Transactions with associates and joint ventures

Details of material related party transactions during the year between the Group and its associates and joint ventures are as follows:

	2021 HK$ million	2020 HK$ million
Construction income *(note (iii))*	**680**	138
Rental income *(note (iii))*	**17**	23
Cash rental paid *(note (iii))*	**237**	226
Management fee income *(note (iii))*	**8**	2
Security guard service fee income *(note (iii))*	**30**	32
Other interest income *(note (i))*	**635**	446
Other interest expenses *(note (i))*	**179**	72
Rental commission income *(note (iii))*	**7**	6
Telecommunication network installation expenses *(note (iii))*	**18**	21

43 Material related party transactions (continued)

(c) Transactions with related companies

(i) Details of material related party transactions during the year between the Group and its related companies which are controlled by private family trusts of a director of the Company are as follows:

	2021 HK$ million	2020 HK$ million
Income from sale of construction materials *(note (iii))*	**–**	3
Rental income *(note (iii))*	**68#**	32#
Sales commission income *(note (iii))*	**1**	5

(ii) The Group's interest expenses (note (i)) payable to related companies controlled by relatives of certain directors of the Company during the year ended 31 December 2021 amounted in aggregate to HK$105 million (2020: HK$16 million).

Notes:

(i) Interest income and expense are calculated on the balance of loans outstanding from time to time by reference to Hong Kong Interbank Offered Rate, Hong Kong dollar prime rate, Renminbi benchmark loan rates announced by the People's Bank of China or interest rates stipulated in the loan agreements (as appropriate).

(ii) This transaction represents cost reimbursements or cost reimbursements plus certain percentage thereon as service fees.

(iii) In the opinion of the Directors, these transactions were carried out on normal commercial terms and in the ordinary course of business.

(iv) The amount due to a fellow subsidiary and the amounts due to related companies at 31 December 2021 and 31 December 2020 are referred to in the Group's consolidated statements of financial position at 31 December 2021 and 31 December 2020, and the terms of which are set out in notes 34 and 35 respectively. The amounts due from/to associates and joint ventures at 31 December 2021 and 31 December 2020 are set out in notes 21, 22, 27 and 30.

(d) Transactions with Sunlight REIT

Details of the material related party transactions during the year between the Group and Sunlight REIT (which is deemed as a connected person of the Company under the Listing Rules as from 30 April 2009) are as follows:

	2021 HK$ million	2020 HK$ million
Property and leasing management service fee income and other ancillary property service fee income	**48#**	46#
Asset management service fee income	**92#**	93#
Cash rental paid	**11**	11
Security service fee income	**2#**	4#

43 Material related party transactions (continued)

(d) Transactions with Sunlight REIT (continued)

The above transactions were conducted in accordance with the terms of the respective agreements/deeds entered into between the Group and Sunlight REIT. At 31 December 2021, the net amount due from Sunlight REIT was HK$31 million (2020: HK$31 million) and is unsecured, interest-free and has no fixed terms of repayment. The amount is included in “Trade and other receivables” under current assets (note 27).

(e) Transactions with a director of the Company and a company owned by him

(i) Dr Lee Ka Kit, a director of the Company, made an advance (“advance”) in the outstanding balance of HK$44 million at 31 December 2021 (2020: HK$44 million) to Henderson (China) Investment Company Limited (“HCI”), an indirect wholly-owned subsidiary of the Group, for the purpose of funding HCI’s business operation in mainland China. The advance is unsecured, interest-free and has no fixed terms of repayment.

(ii) Dr Lee Ka Kit, through a company owned by him (the “entity”), has separate interest in an associate of the Group and through which the Group holds its interest in a development project in mainland China. The entity agreed to provide and had provided finance in the form of non interest-bearing advances to such associate in accordance with the percentage of its equity interest in such associate. At 31 December 2021, the outstanding balance of the advance by the entity to the abovementioned associate amounted to HK$80 million (2020: HK$80 million). Such amount is unsecured and has no fixed terms of repayment.

(f) Key management personnel

Remuneration for key management personnel are disclosed in note 9.

These related party transactions (and, included in the rental income of HK$68 million (2020: HK$32 million) from related companies during the year ended 31 December 2021 as referred to in note (c) above, an amount of HK$41 million (2020: HK$22 million)) also constitute connected transactions and/or continuing connected transactions under the Listing Rules, details of which are set out in the paragraph headed “Interests in Transactions, Arrangements or Contracts and Connected Transactions/Continuing Connected Transactions” in the Report of the directors set out in the Company’s annual reports for the years ended 31 December 2021 and 31 December 2020.

44 Statement of financial position and changes in equity of the Company

(a) Statement of financial position

	Note	At 31 December 2021 HK$ million	At 31 December 2020 HK$ million
Non-current assets			
Investment properties		**14**	14
Interest in subsidiaries	20	**134,160**	146,647
Interest in associates		**102**	147
Interest in joint ventures		**764**	677
		135,040	147,485
Current assets			
Trade and other receivables		**75**	76
Cash and bank balances		**3**	2
		78	78
Current liability			
Trade and other payables		**26**	27
		26	27
Net current assets		**52**	51
Total assets less current liability		**135,092**	147,536
Non-current liabilities			
Amounts due to subsidiaries		**21,272**	27,003
Amounts due to joint ventures		**27**	34
		21,299	27,037
NET ASSETS		**113,793**	120,499
CAPITAL AND RESERVE	44(b)		
Share capital	44(c)	**52,345**	52,345
Retained profits		**61,448**	68,154
TOTAL EQUITY		**113,793**	120,499

Approved and authorised for issue by the Board of Directors on 22 March 2022.

Dr Lee Ka Kit
Dr Lee Ka Shing
Directors

44 Statement of financial position and changes in equity of the Company (continued)

(b) Movement in equity

	Note	Share capital HK$ million	Retained profits HK$ million	Total HK$ million
Balance at 1 January 2020		52,345	75,543	127,888
Changes in equity for 2020:				
Profit and total comprehensive income for the year		–	1,326	1,326
Dividend approved in respect of the previous financial year	12(b)	–	(6,294)	(6,294)
Dividend declared and paid in respect of the current year	12(a)	–	(2,421)	(2,421)
Balances at 31 December 2020 and 1 January 2021		**52,345**	**68,154**	**120,499**
Changes in equity for 2021:				
Profit and total comprehensive income for the year		**–**	**2,009**	**2,009**
Dividend approved in respect of the previous financial year	12(b)	**–**	**(6,294)**	**(6,294)**
Dividend declared and paid in respect of the current year	12(a)	**–**	**(2,421)**	**(2,421)**
Balance at 31 December 2021		**52,345**	**61,448**	**113,793**

44 Statement of financial position and changes in equity of the Company (continued)

(c) Share capital

	The Group and the Company			
	Number of shares		Amount	
	2021 million	2020 million	**2021 HK$ million**	2020 HK$ million
Ordinary shares, issued and fully paid:				
At 1 January and 31 December	**4,841**	4,841	**52,345**	52,345

In accordance with section 135 of the Hong Kong Companies Ordinance (Cap. 622), the shares of the Company do not have a par value.

There is no change to the Company's share capital as the Company's shares no longer have a par or nominal value in accordance with section 135 of the Hong Kong Companies Ordinance (Cap. 622).

(d) Distributability of reserves

At 31 December 2021, the aggregate amount of reserves available for distribution to equity shareholders of the Company, as calculated under the provisions of Part 6 of the Hong Kong Companies Ordinance (Cap. 622), was HK$61,448 million (2020: HK$68,154 million). As stated in note 12(a), after the end of the reporting period, the Directors proposed a final dividend of HK$1.30 (2020: HK$1.30) per ordinary share, amounting to HK$6,294 million (2020: HK$6,294 million). This dividend has not been recognised as a liability at the end of the reporting period.

45 Non-adjusting events after the reporting period

(a) After the end of the reporting period, the Directors proposed a final dividend. Further details are disclosed in note 12.

(b) On 7 February 2022, Glodtex Enterprises Limited (a wholly-owned subsidiary of the Company) entered into a shareholders' agreement relating to the Second Developer ("Shareholders' Agreement") after URA granted its conditional consent to the change in the shareholding structure of the Second Developer from being an indirect wholly-owned subsidiary of the Company (before completion of the transactions contemplated under the Shareholders' Agreement ("Completion")) to a joint venture to be indirectly held as to 50% by the Company and 25% by each of Empire and Hysan respectively.

As referred to in note 42(g) to these financial statements, the Second Developer is engaged in the development of a site owned by URA at Bailey Street/Wing Kwong Street, To Kwa Wan, Kowloon, Hong Kong.

Pursuant to the Shareholders' Agreement, each of Brilliant Choice Group Limited (a wholly-owned subsidiary of Empire) and Lucida Enterprises Limited (a wholly-owned subsidiary of Hysan) (i) subscribed for one share in the Second Developer, representing 25% of the enlarged issued share capital of the Second Developer; and (ii) acquired 25% of the shareholders' loans owing by the Second Developer to the Group. Following the Completion, the Second Developer became a joint venture in which the Group has 50% beneficial interest, and the Group shall adopt equity accounting for the results of the Second Developer.

46 Immediate parent and ultimate controlling party

At 31 December 2021, the Directors consider that the immediate parent and ultimate controlling party of the Group to be Henderson Development Limited, which is incorporated in Hong Kong. Henderson Development Limited does not produce financial statements available for public use.

Principal Subsidiaries

at 31 December 2021

Details of the principal subsidiaries are as follows:

	Note	Particulars of issued shares HK$ (unless otherwise stated)	% of shares held by The Company	Subsidiaries
(a) Property development				
(i) Incorporated and operates in Hong Kong				
Asia Cheer International Limited		1	–	100
Avion Investment Limited	*(i)*	3,000,000	100	–
Borten Limited	*(i)*	1	–	100
Capital Matrix Limited		1	–	100
Carley Limited		2	–	100
City Castle Limited		1	–	100
Denco Properties Limited	*(i)*	1	–	100
Dynamic Hero Limited	*(i)*	1	–	100
Dynamic Talent Limited		1	–	100
Fairtex Development Limited		1	–	100
Gainbo Limited	*(i)*	2	–	100
Gentway Limited	*(i)*	1	–	100
Global Crystal Limited	*(i)*	1	–	100
Golden Sharp Limited		1	–	100
Harven Limited		10,000	–	100
Harvest Development Limited		840	–	82.86
Hongkong Island Construction Properties Co., Limited	*(i)*	500,000	–	100
Hung Shun Investment Company Limited	*(i)*	3,940,200	–	100
Joinbo Enterprises Limited	*(i)*	1	–	100
Landrich Development Limited	*(i)*	1,000	–	100
Nation Sheen Limited	*(i)*	2	–	100
Nation Star Development Limited		2	–	100
Onfine Development Limited	*(i)*	2	–	100
Pacific Gate Development Limited	*(i)*	1	–	100
Perfect Success Development Limited		2	–	100
Rich Silver Development Limited		2	–	100
Rise Cheer Investment Limited	*(i)*	1	–	100
Sky Rainbow Development Limited		10,000	–	100
Sunny Perfect Limited		1,000	–	100
Super Fortune Investment Limited	*(i)*	1	–	100
Supreme Hero Limited	*(i)*	1	–	100
Sure Partner Limited		1	–	100
Treasure Palace Limited		1	–	100
Triple Glory Limited	*(i)*	1	–	100
Union Citizen Limited	*(i)*	1	–	100
Victory Well Development Limited		2	–	100
Winjoy Development Limited	*(i)*	2	100	–

	Issued/ contributed registered capital	% of equity interest held by The Company	Subsidiaries	% of profit sharing by subsidiaries
(a) Property development (continued)				
(ii) Established and operates in mainland China				
Sino-Foreign Co-operative Joint Venture Enterprises				
Guangzhou Guang An Property Development Limited	US$68,706,000	–	100	100
Guangzhou Guang Hung Property Development Limited	US$73,836,000	–	100	100
Guangzhou Guang Nam Property Development Limited	US$87,458,000	–	100	100
Wholly Foreign-Owned Enterprises				
上海益基房地產開發有限公司	US$630,000,000	–	100	100
Shanghai Bin Heng Property Development Co., Limited	US$350,000,000	–	100	100
Limited Liability Company				
北京恒榆房地產開發有限公司	RMB10,000,000	–	100	100

	Note	Particulars of issued shares HK$ (unless otherwise stated)	% of shares held by The Company	Subsidiaries
(b) Property investment				
(i) Incorporated and operates in Hong Kong				
Bloomark Investment Limited	*(i)*	2	–	100
Carry Express Investment Limited	*(i)*	100,000	–	100
Century Base Development Limited	*(i)*	1	–	100
Deland Investment Limited	*(i)*	200	–	100
Easewin Development Limited	*(i)*	100,000	–	100
Evercot Enterprise Company, Limited	*(i)*			
– A Shares		14,990,000	100	–
– B Shares		200	–	–
Great Top Development Limited		1	–	100
Join Fortune Development Limited	*(i)*			
– A Shares		100	100	–
– B Shares		2	–	–
Luxmark Investment Limited		1,000	–	100
Millap Limited	*(i)*	2	100	–
Shahdan Limited	*(i)*	200,000	–	100
Shung King Development Company Limited	*(i)*			
– Ordinary A Shares		2	100	–
– Non-voting Deferred A Shares		2,000,000	100	–
– B Shares		2	–	–
Smart Bright Development Limited	*(i)*	100,100	–	100
Union Fortune Development Limited	*(i)*	10,000	–	100
Vansittart Investment Limited	*(i)*	2	–	100

Principal Subsidiaries

at 31 December 2021

	Issued/ contributed registered capital HK$ (unless otherwise stated)	% of equity interest held by The Company	% of equity interest held by Subsidiaries	% of profit sharing by subsidiaries
(b) Property investment (continued)				
(ii) Established and operates in mainland China				
Wholly Foreign-Owned Enterprises				
Beijing Gaoyi Property Development Co., Limited	US$81,000,000	–	100	100
Guangzhou Jiejun Real Estate Development Co., Limited	207,796,800	–	100	100
Shanghai Heng Cheng Real Estate Development Co., Ltd.	US$59,500,000	–	100	100
Shanghai Hengzhi Properties Development Co., Ltd.	US$75,000,000	–	100	100

	Note	Particulars of issued shares HK$ (unless otherwise stated)	% of shares held by The Company	% of shares held by Subsidiaries
(c) Finance				
(i) Incorporated and operates in Hong Kong				
Ever Supreme Development Limited		1	–	100
Henderson (China) Finance Limited	*(i)*	10,000	–	100
Henland Finance Limited	*(i)*	1,000,000	–	100
Rich Chase Development Limited	*(i)*	2	–	100
Smart Time International Limited		1	–	100
Success Crown Development Limited		2	–	100
(ii) Incorporated and operates in the British Virgin Islands				
Henderson Land Finance Limited		US$1	100	–
Henderson Land MTN Limited	*(i)*	US$1	–	100
Henson Finance Limited	*(i)*	US$1	–	100
St. Helena Holdings Co. Limited		US$3	–	100

	Note	Particulars of issued shares HK$ (unless otherwise stated)	% of shares held by The Company	Subsidiaries
(d) Construction				
Incorporated and operates in Hong Kong				
E Man Construction Company Limited		35,000,000	100	–
Ginca Construction Machinery Limited		1	–	100
Granbo Construction Company Limited		1	–	100
Heng Lai Construction Company Limited		2	–	100
Heng Shung Construction Company Limited		2	–	100
Heng Tat Construction Company Limited		200	–	100
Hong Kong Concrete Precasting Product Company Limited		2	–	100

	Note	Particulars of issued shares HK$ (unless otherwise stated)	% of shares held by The Company	Subsidiaries
(e) Property management				
Incorporated and operates in Hong Kong				
Beverly Hill (Estate Management) Limited		2	–	100
Flora Plaza Management Limited		10	–	60
Goodwill Management Limited		2	–	100
H-Privilege Limited		1	–	100
Hang On Estate Management Limited		2	–	100
Hang Yick Properties Management Limited		10,000,000	100	–
Henderson Sunlight Asset Management Limited	*(i)*	38,800,000	–	100
Henderson Sunlight Property Management Limited	*(i)*	1	–	100
Metro City Management Limited		2	–	100
Metro Harbourview Management Limited		2	–	100
Nathan Hill Management Company Limited		1	–	100
Star Management Limited		2	–	100
Sunshine City Property Management Limited		2	–	100
Well Born Real Estate Management Limited		2	100	–

Principal Subsidiaries

at 31 December 2021

		Note	Particulars of issued shares HK$ (unless otherwise stated)	% of shares held by The Company	Subsidiaries
(f)	Investment holding				
(i)	**Incorporated and operates in Hong Kong**				
	Banshing Investment Limited		2	–	100
	Channel Best Limited	*(i)*	1	–	100
	China Investment Group Limited		300,000,000	–	100
	Citiright Development Limited		2	100	–
	Covite Investment Limited		2	–	100
	Darnman Investment Limited		2	–	100
	Disralei Investment Limited		2	–	100
	Fondoll Investment Limited		200	100	–
	Gainwise Investment Limited		2	–	100
	Graf Investment Limited	*(i)*	2	–	100
	Henderson (China) Investment Company Limited	*(i)*			
	– Ordinary Shares		2	–	100
	– Non-voting Deferred Shares		2	–	100
	Henderson China Properties Limited	*(i)*	3,000,000,000	–	100
	Henderson Investment Limited		612,926,901	–	69.27
	Macrostar Investment Limited		2	–	100
	Main Champion Development Limited	*(i)*	2	100	–
	Markshing Investment Limited		2	–	100
	Medley Investment Limited		2	–	100
	Mightymark Investment Limited		2	100	–
	Miramar Hotel and Investment Company, Limited	*(i)*	2,227,023,217	–	50.075
	Mount Sherpa Limited	*(i)*	2	–	100
	Paillard Investment Limited	*(i)*	2	–	100
	Wellfine Development Limited		55	100	–
	Wiselin Investment Limited	*(i)*	2	–	100
(ii)	**Incorporated in Hong Kong and operates in mainland China**				
	Hang Seng Quarry Company Limited	*(i)*	10,000	64	–
(iii)	**Incorporated and operates in the British Virgin Islands**				
	Cobase Limited		US$1	–	100
	Higgins Holdings Limited	*(i)*	US$1	–	100
	Midlink Limited	*(i)*	US$1	–	100
	Multiglade Holdings Limited	*(i)*	US$1	–	100
	Richful Resources Limited		US$1	–	100
	Starland International Limited		US$1	100	–
	Sunnice Investment Limited		US$1	–	100
	Threadwell Limited	*(i)*	US$1	–	100

	Note	Particulars of issued shares HK$ (unless otherwise stated)	% of shares held by The Company	Subsidiaries
(g) Department stores and supermarket-cum-stores operation and management				
Incorporated and operates in Hong Kong				
Citistore (Hong Kong) Limited		1	–	100
Unicorn Stores (HK) Limited		35,000,000	–	100

	Note	Particulars of issued shares HK$ (unless otherwise stated)	% of shares held by The Company	Subsidiaries
(h) Hotel operation and management				
Incorporated and operates in Hong Kong				
Contender Limited	*(i)*	200,000	–	100
Intelligent House Limited	*(i)*	10,000	–	100
Miramar Hotel Management Company Limited	*(i)*	10,000	–	100
Mira Moon Limited	*(i)*	1	–	100

	Note	Particulars of issued shares HK$ (unless otherwise stated)	% of shares held by The Company	Subsidiaries
(i) Food and beverage operation				
Incorporated and operates in Hong Kong				
Merry King Resources Limited	*(i)*	1,000	–	100
Tsui Hang Village Restaurant Limited	*(i)*	500,000	–	100

	Note	Particulars of issued shares HK$ (unless otherwise stated)	% of shares held by The Company	Subsidiaries
(j) Travel operation				
Incorporated and operates in Hong Kong				
Miramar Travel Limited	*(i)*	13,000,000	–	53.85
YMT Travel Limited	*(i)*	3,500,000	–	100

Principal Subsidiaries

at 31 December 2021

	Note	Particulars of issued shares HK$ (unless otherwise stated)	% of shares held by The Company	Subsidiaries
(k) Management and agency services				
Incorporated and operates in Hong Kong				
Henderson Car Park Management Limited	*(i)*	2	–	100
Henderson Leasing Agency Limited	*(i)*	1	–	100
Henderson Property Agency Limited		200,000	–	100
Henderson Real Estate Agency Limited	*(i)*	200	100	–

	Note	Particulars of issued shares HK$ (unless otherwise stated)	% of shares held by The Company	Subsidiaries
(l) Professional services and others				
Incorporated and operates in Hong Kong				
Hang Oi Charitable Foundation Limited		–	–	100
Henderson Corporate Services Limited		1	–	100
Henderson Warmth Foundation Limited		–	100	–
Megastrength Security Services Company Limited	*(i)*			
– Ordinary Shares		10,000	–	100
– Non-cumulative Preference Shares		400	–	100

Note:

(i) Companies audited by KPMG.

The above list gives the principal subsidiaries of the Group which, in the opinion of the Directors, materially affected the results, assets or liabilities of the Group or whose business activities are representative of the Group's business portfolio.

Principal Associates

at 31 December 2021

Details of the principal associates, which are incorporated and operate in Hong Kong unless otherwise stated, are as follows:

	% of equity interest held by		
	The Company	**Subsidiaries**	**Principal activities**
Listed			
Hong Kong Ferry (Holdings) Company Limited	–	33.41	Property development, property investment, ferry, shipyard and related businesses, and securities investment
The Hong Kong and China Gas Company Limited	–	41.53	Production, distribution and marketing of gas, water supply and emerging environmentally-friendly energy businesses
Unlisted			
Star Play Development Limited	–	33.33	Property investment
Start Treasure Limited	–	22.80	Property development

The above list gives the principal associates of the Group which, in the opinion of the Directors, materially affected the results, assets or liabilities of the Group or whose business activities are representative of the Group's business portfolio.

Principal Joint Ventures

at 31 December 2021

Details of the principal joint ventures, which are incorporated and operate in Hong Kong unless otherwise stated, are as follows:

	% of equity interest held by		
	The Company	Subsidiaries	Principal activities
Billion Ventures Limited (incorporated in the British Virgin Islands and operates in Hong Kong)	–	50	Investment holding
Central Waterfront Property Investment Holdings Limited (incorporated in the British Virgin Islands and operates in Hong Kong)	–	34.21	Investment holding
Double Cove Management Limited	–	50	Provision of property management services
Honster Investment Limited (incorporated in the British Virgin Islands and operates in Hong Kong)	–	50	Investment holding
Infinite Sun Limited	–	30	Property development
Long Global Investment (Chengdu) Limited (established and operates in mainland China)	–	30	Property development
Marble Edge Investments Limited	–	18	Property development
Newfoundworld Holdings Limited	–	20	Property investment and hotel operation
Special Concept Development Limited	–	25	Property development
Surbana-Henderson (Xian) Property Development Co., Ltd. (established and operates in mainland China)	–	50	Property development
Surbana-Henderson II (Xian) Property Development Co., Ltd. (established and operates in mainland China)	–	50	Property development
Teamfield Property Limited	–	49.18	Property development
The Reach Management Limited	–	50	Provision of property management services
Ultra Keen Holdings Limited	–	30	Property development
Voyage Mile Limited	–	29.30	Property development
合肥和卓房地產開發有限公司 (established and operates in mainland China)	–	50	Property development
上海富洲濱江開發建設投資有限公司 (established and operates in mainland China)	–	51	Property development
廣州奧昇置業有限公司 (established and operates in mainland China)	–	50	Property development
北京恒合天基房地產開發有限公司 (established and operates in mainland China)	–	50	Property development

The above list gives the principal joint ventures of the Group which, in the opinion of the Directors, materially affected the results, assets or liabilities of the Group or whose business activities are representative of the Group's business portfolio.

Corporate Information

Board of Directors

Executive Directors

Dr Lee Ka Kit
(Chairman and Managing Director)
Dr Lee Ka Shing
(Chairman and Managing Director)
Dr Lam Ko Yin, Colin *(Vice Chairman)*
Dr Lee Shau Kee
Yip Ying Chee, John
Fung Lee Woon King
Kwok Ping Ho
Suen Kwok Lam
Wong Ho Ming, Augustine
Fung Hau Chung, Andrew

Non-executive Directors

Lee Tat Man
Lee Pui Ling, Angelina

Independent Non-executive Directors

Kwong Che Keung, Gordon
Professor Ko Ping Keung
Wu King Cheong
Woo Ka Biu, Jackson
Professor Poon Chung Kwong
Au Siu Kee, Alexander

Audit Committee

Kwong Che Keung, Gordon*
Professor Ko Ping Keung
Wu King Cheong
Au Siu Kee, Alexander

Remuneration Committee

Wu King Cheong*
Dr Lee Ka Kit
Dr Lee Ka Shing
Dr Lam Ko Yin, Colin
Kwong Che Keung, Gordon
Professor Ko Ping Keung
Au Siu Kee, Alexander

Nomination Committee

Wu King Cheong*
Dr Lee Ka Kit
Dr Lee Ka Shing
Dr Lam Ko Yin, Colin
Kwong Che Keung, Gordon
Professor Ko Ping Keung
Au Siu Kee, Alexander

Corporate Governance Committee

Kwong Che Keung, Gordon*
Professor Poon Chung Kwong
Au Siu Kee, Alexander

Whistleblowing Committee

Dr Lam Ko Yin, Colin*
Professor Ko Ping Keung
Wu King Cheong

Company Secretary

Liu Cheung Yuen, Timon

Registered Office

72-76/F., Two International Finance Centre
8 Finance Street, Central
Hong Kong
Telephone : (852) 2908 8888
Facsimile : (852) 2908 8838
Internet : www.hld.com
E-Mail : henderson@hld.com

Share Registrar

Computershare Hong Kong Investor Services Limited
46th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Share Listing

The Stock Exchange of Hong Kong Limited (Stock Code: 12)

Shares are also traded in the United States through an American Depositary Receipt Level 1 Programme (Ticker Symbol: HLDCY CUSIP Reference Number: 425166303)

Authorised Representatives

Dr Lam Ko Yin, Colin
Liu Cheung Yuen, Timon

Auditor

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

Solicitors

Woo Kwan Lee & Lo
Lo & Lo

Principal Bankers

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
Mizuho Bank, Ltd.
DBS Bank Ltd., Hong Kong Branch

** Committee Chairman*

Group Executives

Dr Lee Ka Kit
GBS, JP, DBA (Hon)
General Manager

Dr Lee Ka Shing
GBS, JP, DSSc (Hon)
General Manager

Dr Lam Ko Yin, Colin
SBS, FCILT, FHKIoD, DB (Hon), DBA (Hon)
Deputy General Manager

Yip Ying Chee, John
LLB, FCG, FCA
Assistant General Manager

Departmental Executives

Group Business Development Department

Yip Ying Chee, John
LLB, FCG, FCA
Executive Director

Project Management (1) Department

Yu Wai Wai
JP, BA (AS), B Arch, FHKIA, HonFHKIPM,
Authorized Person (Architect), Registered Architect (HK)
General Manager

Project Management (2) Department

Kwok Man Cheung, Victor
BA (AS), B Arch (Dist), MSc (Con P Mgt),
EMBA, FHKIA, MAPM, RIBA,
Authorized Person (Architect), Registered Architect (HK)
General Manager

Siu Sing Yeung, Tony
B. Arch (Hons), HKIA,
Authorized Person (Architect), Registered Architect (HK),
PRC Class 1 Registered Architect Qualification
Senior Deputy General Manager

Property Development Department

Wong Ho Ming, Augustine
JP, MSc, MEcon, FHKIS, MRICS, MCIArb, RPS (GP)
Executive Director

Yu Hon Kwan, Randy
MH, JP
General Manager

Leung Shu Ki, Shuki
BA (Hons), MHKIP, MRTPI,
MCIP, RPP (HK), MCILT
Senior Deputy General Manager

Property Planning Department

Leung Kam Leung
MSc, PGDMS, FHKIS, RPS (GP)
General Manager

Construction Department

Wong Wing Hoo, Billy
BBS, JP, BSc, FICE, FHKIE, FIHT, FHKIHT, RPE
General Manager

Yiu Chi Kin, Simon
BSc (Bldg), MSc, MCIOB, MRICS, MASI, MHKICM, MHKIE
Deputy General Manager

Engineering Department

Chan Chu Fai, Edmond
MBA, MSc(Eng), BSc(Eng),
FHKIE, CEng, MIStructE, MICE,
RPE (Civil, Structural), RSE, RI(E)
General Manager

Sales Department

Wong Man Wa, Raymond
MSc(Real Estate), LLB, PCLL, Solicitor
Senior General Manager

Sales (1) Department

Lam Tat Man, Thomas
MEM(UTS), DMS, EHKIM, MHIREA
General Manager

Sales (2) Department

Hahn Ka Fai, Mark
BSc, MRICS, MHKIS, RPS (GP)
General Manager

China Land Acquisition & Risk Control Department
Choi Ngai Min, Michael
BBS, JP, MBA
In Charge

Portfolio Leasing Department
Lee Pui Man, Margaret
BHum (Hons)
Senior General Manager

Kong Po Yan
BA
General Manager

Li Keng Yan, Kristine
BA, MSc(Real Estate)
Senior Deputy General Manager

Property Management Department
Suen Kwok Lam
BBS, JP, MH, FHIREA
Executive Director

Retail and Hotel Management Department
Li Ning
BSc, MBA
General Manager

Comm. & Ind. Properties Department
Dr Wong Kim Wing, Ball
BA (AS), B. Arch, PhD (Finance), FHKIA,
Registered Architect (HK), Authorized Person (List 1, HK)
General Manager

General Manager Department
Ngai Tung Hai, Karsky
FRICS, MHKIS, AACI
Manager

Dr Wong Kim Wing, Ball
BA (AS), B. Arch, PhD (Finance), FHKIA,
Registered Architect (HK), Authorized Person (List 1, HK)
Group Consultant

Yu Ching Yan, Johnny
BSc, MBA, ACA, CFA
Advisor to Chairman

Finance Department
Fung Hau Chung, Andrew
BBS, JP, BA
Executive Director/Chief Financial Officer

Lau Yum Chuen, Eddie
Consultant

Kwok Ping Ho
BSc, MSc, Post-Graduate Diploma in Surveying, FRICS, ACIB
Executive Director

Cashier Department
Fung Lee Woon King
Chief Treasurer

Human Resources Department
Dr Lam Ko Yin, Colin
SBS, FCILT, FHKIoD, DB (Hon), DBA (Hon)
Executive Director

Wong Ying Kin, Frankie
MSc, MBA, BBA, DMS, MIHRM
General Manager

Company Secretarial Department
Liu Cheung Yuen, Timon
BEc, FCPA, CA (Aust), FCG, HKFCG
General Manager

Accounts Department
Wong Wing Kee, Christopher
BSc (Econ), FCA
General Manager

Audit Department
Choi Kam Fai, Thomas
B Comm, CPA(Canada), CMA
General Manager

Information Technology Department
Kum Tak Cheung, Bassanio
General Manager

Corporate Communications Department
Ngan Suet Fong, Bonnie
BBA
General Manager

Financial Calendar

Interim Results	Announced on Monday, 23 August 2021
Final Results	Announced on Tuesday, 22 March 2022
Annual Report	Posted to Shareholders on Friday, 22 April 2022
Closure of Register of Members	(1) To be closed from Friday, 27 May 2022 to Wednesday, 1 June 2022 for the purpose of determining Shareholders who are entitled to attend and vote at the Annual General Meeting
	(2) To be closed from Wednesday, 8 June 2022 to Friday, 10 June 2022 for the purpose of determining Shareholders who qualify for the proposed final dividend
Annual General Meeting	To be held on Wednesday, 1 June 2022
Dividends – Interim	HK$0.50 per share (with no scrip option) – paid on Thursday, 16 September 2021
– Final (Proposed)	HK$1.30 per share (with no scrip option) – payable on Tuesday, 21 June 2022


恒基兆業地產有限公司
HENDERSON LAND DEVELOPMENT COMPANY LIMITED
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