Sun Hung Kai Properties Limited

Annual Report
2019 / 20

Customer Focus
Premium Brand
Solid Foundations

Stock Code : 16

1. ITC in Xuhui, Shanghai
2. ICC in West Kowloon, Hong Kong
3. IFC in Central, Hong Kong
4. Victoria Harbour Development in North Point, Hong Kong

Contents

Board of Directors and Committees

Board of Directors

Executive Directors

Kwok Ping-luen, Raymond *(Chairman & Managing Director)*
Wong Chik-wing, Mike *(Deputy Managing Director)*
Lui Ting, Victor *(Deputy Managing Director)*
Kwok Kai-fai, Adam
Kwok Kai-wang, Christopher
Kwong Chun
Tung Chi-ho, Eric
Fung Yuk-lun, Allen
Kwok Ho-lai, Edward *(Alternate Director to Kwok Ping-luen, Raymond)*

Non-Executive Directors

Lee Shau-kee *(Vice Chairman)*
Kwan Cheuk-yin, William
Kwok Kai-chun, Geoffrey

Independent Non-Executive Directors

Yip Dicky Peter
Wong Yue-chim, Richard
Li Ka-cheung, Eric
Fung Kwok-lun, William
Leung Nai-pang, Norman
Leung Kui-king, Donald
Leung Ko May-yee, Margaret
Fan Hung-ling, Henry
Wu Xiang-dong

Committees

Executive Committee

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

Audit and Risk Management Committee

Li Ka-cheung, Eric*
Yip Dicky Peter
Leung Kui-king, Donald
Leung Nai-pang, Norman

Remuneration Committee

Wong Yue-chim, Richard*
Li Ka-cheung, Eric
Kwan Cheuk-yin, William
Leung Nai-pang, Norman

Nomination Committee

Wong Yue-chim, Richard*
Kwan Cheuk-yin, William
Yip Dicky Peter
Leung Nai-pang, Norman

* *Committee Chairman*

Corporate Information and Information for Shareholders

Corporate Information

Company Secretary

Yung Sheung-tat, Sandy

Auditor

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditor

Registered Office

45th Floor, Sun Hung Kai Centre
30 Harbour Road
Hong Kong

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Facsimile	: (852) 2827 2862
Website	: www.shkp.com
E-mail	: shkp@shkp.com

Share Registrar

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

Solicitors

Woo Kwan Lee & Lo
Mayer Brown
Clifford Chance

Principal Bankers

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

Information for Shareholders

Share Listing

The Company's shares are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange") and are traded over the counter in the United States in the form of American Depositary Receipts ("ADR").

Stock Code

Stock Exchange	: 16
Bloomberg	: 16 HK Equity
Reuters	: 0016.HK
Trading Symbol for ADR	: SUHJY
CUSIP	: 86676H302

Investor Relations Contact

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E-mail	: ir@shkp.com

Financial Calendar for 2019/20

Interim results announcement	: 27 February 2020
Interim dividend paid	: 19 March 2020
Annual results announcement	: 10 September 2020
Closure of register of members[1]	: 2 to 5 November 2020 (both days inclusive)
Annual general meeting	: 5 November 2020
Ex-dividend date for final dividend	: 9 November 2020
Closure of register of members[2]	: 11 November 2020
Final dividend payable	: 19 November 2020

Notes:

1. *For the purpose of ascertaining shareholders' entitlement to attend and vote at the annual general meeting*
2. *For the purpose of ascertaining shareholders' entitlement to the proposed final dividend*

Choice of Language or Means of Receipt of Corporate Communications

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

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

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

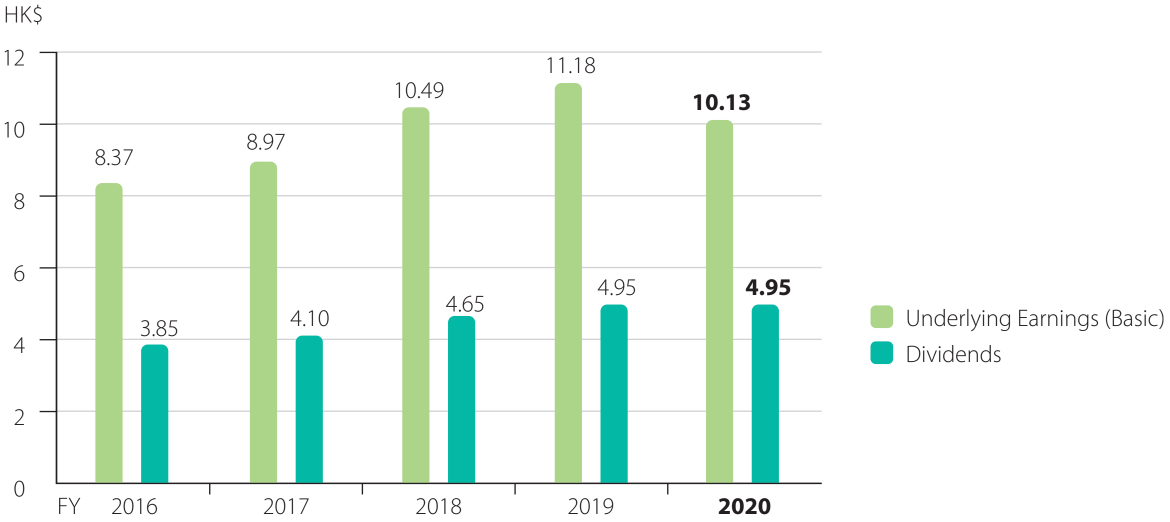
Financial Highlights and Land Bank

For the year ended 30 June	2020	2019	Change (%)
Financial Highlights (HK$ million)			
Revenue	**82,653**	85,302	-3.1
Profit attributable to the Company's shareholders			
– Reported	**23,521**	44,912	-47.6
– Underlying[1]	**29,368**	32,398	-9.4
Gross rental income[2]	**24,214**	25,077	-3.4
Net rental income[2]	**18,565**	19,678	-5.7
Financial Ratios (%)			
Net debt to shareholders' equity	**14.1**	12.9	+1.2[4]
Dividend payout[3]	**48.9**	44.3	+4.6[4]
Financial Information per Share (HK$)			
Basic earnings per share for profit attributable to the Company's shareholders			
– Reported	**8.12**	15.50	-47.6
– Underlying	**10.13**	11.18	-9.4
Dividends			
– Interim dividend	**1.25**	1.25	–
– Final dividend	**3.70**	3.70	–
– Full-year dividend	**4.95**	4.95	–
Shareholders' equity	**197.30**	195.50	+0.9
Land Bank in Hong Kong (gross floor area in million square feet)			
Properties under development	**24.1**	25.1	−4.0
Completed properties[5]	**33.4**	32.9	+1.5
Total	**57.5**	58.0	−0.9
Land Bank on the Mainland (gross floor area in million square feet)			
Properties under development	**53.6**	50.6	+5.9
Completed properties[5]	**14.5**	14.8	−2.0
Total	**68.1**	65.4	+4.1

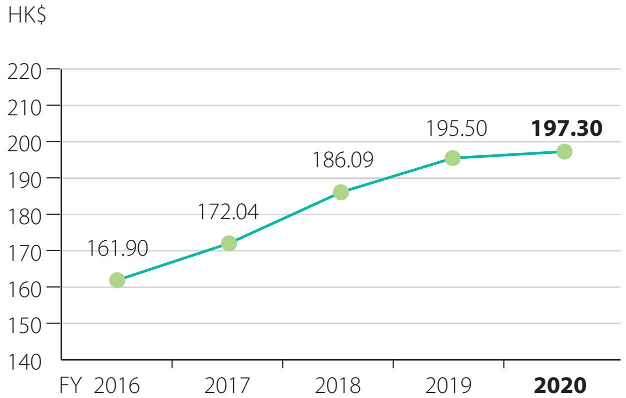
Notes:

1. *Underlying profit attributable to the Company's shareholders excluded the net effect of changes in the valuation of investment properties*
2. *Including contributions from associates and joint ventures*
3. *Dividend payout based upon underlying profit*
4. *Change in percentage points*
5. *The Group has a 50% stake in a premium 950,000-square-foot shopping mall in Singapore in addition to property holdings in Hong Kong and on the mainland*

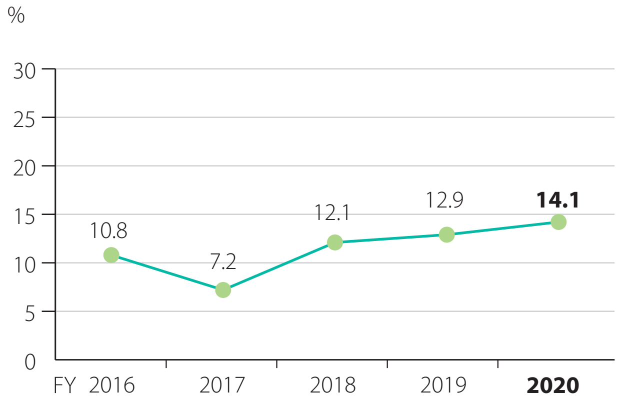
Underlying Earnings and Dividends per Share



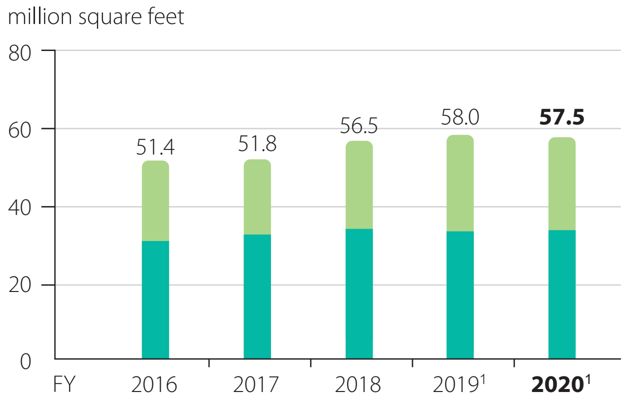
Shareholders' Equity per Share



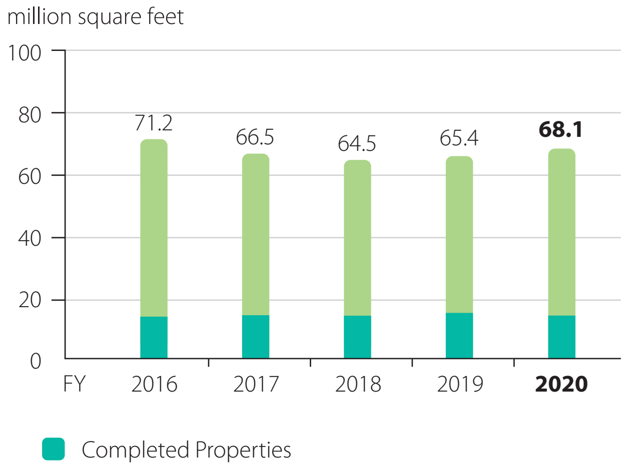
Net Debt to Shareholders' Equity Ratio



Land Bank in Hong Kong



Land Bank on the Mainland



1. *Completion refers to the stage in which the project is ready for handover since the financial year of 2018/19. Hence, the figures since the financial year 2018/19 cannot be used for direct comparison with historical figures*

Group Financial Summary

Key Financial Information and Ratios					
Financial year	**2020** **HK$**	2019 HK$	2018 HK$	2017 HK$	2016 HK$
Reported earnings per share (basic)	**8.12**	15.50	17.24	14.43	11.31
Underlying earnings per share (basic)	**10.13**	11.18	10.49	8.97	8.37
Dividends per share	**4.95**	4.95	4.65	4.10	3.85
Shareholders' equity at book value per share	**197.30**	195.50	186.09	172.04	161.90
Net debt to Shareholders' equity (%)	**14.1**	12.9	12.1	7.2	10.8
Interest cover (times)[1]	**11.8**	14.6	17.6	14.2	12.5

Key Consolidated Income Statement Items					
For the year ended 30 June	**2020** **HK$M**	2019 HK$M	2018 HK$M	2017 HK$M	2016 HK$M
Revenue	**82,653**	85,302	85,644	78,207	91,184
Operating profit before changes in fair value of investment properties	**35,455**	37,858	35,453	29,526	28,856
Operating profit after changes in fair value of investment properties	**31,032**	50,393	51,225	43,336	37,625
Profit attributable to the Company's shareholders	**23,521**	44,912	49,951	41,782	32,666
Underlying profit attributable to the Company's shareholders[2]	**29,368**	32,398	30,398	25,965	24,170

Key Consolidated Statement of Financial Position Items					
As at 30 June	**2020** **HK$M**	2019 HK$M	2018 HK$M	2017 HK$M	2016 HK$M
Investment properties and property, plant and equipment	**421,542**	422,474	404,064	364,957	343,963
Associates and joint ventures	**78,782**	73,751	71,767	63,841	60,807
Intangible assets	**4,288**	4,445	4,976	5,524	3,754
Financial investments and others	**9,557**	8,077	9,555	8,356	4,361
Net current assets	**186,320**	176,513	158,872	145,766	142,559
Non-current liabilities	**(110,074)**	(109,441)	(100,802)	(81,081)	(80,936)
Net assets	**590,415**	575,819	548,432	507,363	474,508
Share capital	**70,703**	70,683	70,612	70,516	70,384
Reserves	**501,110**	495,722	468,486	427,699	398,323
Shareholders' equity	**571,813**	566,405	539,098	498,215	468,707
Perpetual capital securities	**3,813**	3,813	3,887	3,910	–
Non-controlling interests	**14,789**	5,601	5,447	5,238	5,801
Total equity	**590,415**	575,819	548,432	507,363	474,508

Notes:

1. *Interest cover represents operating profit before changes in fair value of investment properties divided by net interest expenses before notional non-cash interest accretion and capitalization*
2. *Underlying profit attributable to the Company's shareholders excluded the net effect of changes in the valuation of investment properties*

Business Structure

Sun Hung Kai Properties

As at 30 June 2020

Hong Kong	**Property Development**	• 24.1 million sq.ft. under development with a majority for sale
	Property Investment	• 33.4 million sq.ft. of completed properties with an overwhelming majority for rent / investment
	Property Related Businesses	• Hotels • Property management • Construction • Insurance and mortgage services
	Telecommunications & Information Technology	• Mobile telephone services • Data centres and IT infrastructure
	Infrastructure & Other Businesses	• Transport infrastructure operations and management • Port business • Air transport and logistics business • YATA
Mainland China	**Property Development**	• 53.6 million sq.ft. under development with a majority for sale
	Property Investment	• 14.5 million sq.ft. of completed properties with an overwhelming majority for rent /investment

The Group's principal subsidiaries, joint ventures and associates are listed on pages 228 to 236

Chairman's Statement

I am pleased to present my report to the shareholders.

Results

The Group's underlying profit attributable to the Company's shareholders for the year ended 30 June 2020, excluding the effect of fair-value changes on investment properties, amounted to HK$29,368 million, compared to HK$32,398 million last year. Underlying earnings per share were HK$10.13, compared to HK$11.18 last year.

Reported profit and reported earnings per share attributable to the Company's shareholders were HK$23,521 million and HK$8.12 respectively, compared to HK$44,912 million and HK$15.50 last year. The reported profit included a decrease in fair value of investment properties net of deferred taxation and non-controlling interests of HK$5,510 million, compared to an increase of HK$12,861 million last year.

Dividend

The directors have recommended the payment of a final dividend of HK$3.70 per share for the year ended 30 June 2020. The dividend will be payable on 19 November 2020. Together with the interim dividend of HK$1.25 per share, the dividend for the full year will be HK$4.95 per share, the same as last year.

Business Review

Property Sales and Rental Income

Property Sales

Revenue from property sales for the year under review as recorded in the financial statements, including revenue from joint-venture projects, amounted to HK$41,264 million. Profit generated from property sales was HK$18,377 million, as compared to HK$18,697 million in the last financial year. The Group achieved contracted sales of about HK$44,100 million for the year in attributable terms amid the outbreak of COVID-19.

Rental Income

Gross rental income, including contributions from joint-venture projects, dropped 3% year-on-year to HK$24,214 million, and net rental income decreased 6% year-on-year to HK$18,565 million. The performance was negatively affected by local social incidents and the subsequent outbreak of COVID-19 during the year, especially for shopping malls.

Cullinan West III, West Kowloon, Hong Kong

A prime mega commercial site atop the High Speed Rail West Kowloon Terminus, Hong Kong

Property Business – Hong Kong

Land Bank

During the year under review, the Group acquired through government tender a prime mega commercial site atop the High Speed Rail West Kowloon Terminus, with a developable gross floor area of 3.16 million square feet. Subsequent to the acquisition, the Group disposed of a 50% interest of the office portion of the project in two separate transactions to two long-term strategic investors, the Kwok Family Companies and Ping An Life, which now own a 20% interest and a 30% interest respectively of the development's office portion. This is expected to enhance the value of the project. The Group will maintain 50% and 100% of the interests in the office portion and the retail portion of the development respectively for long-term investment. Located adjacent to ICC in West Kowloon and boasting a comprehensive transportation network of four railway lines, including direct access to many cities on the mainland especially to the Greater Bay Area via the High Speed Rail, the development will provide commercial premises of international standards and is expected to become another integrated landmark in the city.

As at 30 June 2020, the Group's attributable land bank in Hong Kong totalled some 57.5 million square feet, comprising 24.1 million square feet of properties of different usages under development and a diversified portfolio of completed properties covering 33.4 million square feet, the overwhelming majority of which are for rental and long-term investment purposes. Following the completion of the transaction with Ping An Life in July 2020, along with other changes, the Group's land bank in Hong Kong amounted to about 56.9 million square feet. This sizeable land bank should be sufficient to meet the Group's development needs over the next five years. In the meantime, the Group will continue to vigorously convert its agricultural lands into buildable sites and replenish its land bank via various channels when appropriate opportunities arise.

Property Development

Hong Kong's residential market was adversely affected by local social incidents in the second half of 2019 and the coronavirus pandemic beginning early 2020, with market transactions being impacted by social distancing measures. Home prices however remained relatively resilient on the back of the low interest rate environment and solid end-user demand for small-to medium-sized units.

During the year under review, the Group recorded contracted sales of about HK$33,600 million in attributable terms in Hong Kong. Major contributors included Cullinan West III in West Kowloon, the first two phases of Wetland Seasons Park near Hong Kong Wetland Park, Crown of St. Barths in Ma On Shan and PARK YOHO Napoli in Yuen Long. In addition, the first phase of Regency Bay in Tuen Mun was put on the market in July 2020 and has been well received by buyers. Apart from newly launched projects, the Group also continued to dispose of its remaining units in completed properties.

Chairman's Statement

Clubhouse of Wings at Sea, Tseung Kwan O, Hong Kong

With a commitment to delivering premium quality products, the Group monitors customers' needs closely and implements thoughtful designs and efficient layouts with exquisite finishes for all its apartments. In addition, the Group is the first developer to offer a three-year warranty for its new residential units throughout the territory. To meet changing aspirations and needs of customers, the Group has continued to excel itself through the effective use of technology and enhancement of hygiene standards.

A total of 10 projects in Hong Kong with an attributable gross floor area of about 3.5 million square feet were ready for handover during the year under review. Of this, about three million square feet were for residential use and about 412,000 square feet were designated for long-term investment purposes. Project details are shown in the table below.

Project	Location	Usage	Group's Interest (%)	Attributable Gross Floor Area (square feet)
Wings at Sea & Wings at Sea II	1 Lohas Park Road, Tseung Kwan O	Residential	JV	1,316,000
PARK YOHO Napoli	18 Castle Peak Road Tam Mi, Yuen Long	Residential	100	543,000
Phase 1 of St Martin Development	12 Fo Chun Road, Pak Shek Kok, Tai Po	Residential	100	527,000
ALVA Hotel by Royal	1 Yuen Hong Street, Sha Tin	Hotel	100	344,000
Phase 1 of Mount Regency Development	8 King Sau Lane, Tuen Mun	Residential	100	241,000
TOWNPLACE SOHO	18 Caine Road, Central	Residential	92	127,000
Phase 1 of Central Peak Development	18 Stubbs Road, Mid-levels East	Residential	100	122,000
Downtown 38	38 Pak Tai Street, Ma Tau Kok	Residential/Shops	JV	105,000
W212	212 Texaco Road, Tsuen Wan	Industrial	50	71,000
Citygate (Extension)	16 Tat Tung Road, Tung Chung	Shopping Centre	20	68,000
Total				**3,464,000**

Property Investment

The Group's diversified property investment portfolio in Hong Kong registered a lower overall average occupancy of 92% during the year. Gross rental income from this portfolio, including contributions from joint-venture projects, decreased by 4% year-on-year to HK$19,009 million, mainly affected by the weakened performance of the retail portfolio due to the outbreak of the COVID-19 pandemic and local social incidents.

The Group has taken extra preventive measures to raise the hygiene standards of its residential and commercial properties, ensuring a safe and comfortable shopping, working and living environment for its customers, residents, tenants and employees, and reinforcing the Group's quality brand. Apart from reducing the burdens for a majority of tenants of its shopping malls through rent concessions for several months, the Group has made considerable efforts to retain customers' appetite for shopping. The Point by SHKP, a loyalty programme under the SHKP Malls App, serves as a dedicated platform to leverage the Group's extensive business arms and collaborate with tenants and business partners to promote consumption through enriched offerings. It also facilitates the Group's quality service delivery with a better understanding of customers' needs and preferences. In August this year, an online pre-ordering function was launched within the SHKP Malls App to help the operations of food and beverage tenants. Creative initiatives, such as the introduction of self-service stations for gift redemption and contactless parking with digital payment, were introduced in the Group's malls to enhance customer experience. In addition, the Group will continue to implement quality upgrades for its property investment including shopping malls.

The Group's retail portfolio has not been immune to the negative impact brought by a sharp decline in tourist arrivals and mandatory social distancing measures, facing near-term pressure on new leases and renewals. The overall occupancy of the Group's 12-million-square-foot portfolio of well-diversified retail properties edged down during the year, though remained relatively resilient. The Group's regional malls such as YOHO Mall in Yuen Long, APM in Kwun Tong and East Point City in Tseung Kwan O, serving mainly local customers, are well positioned to capture the rebound of domestic consumption when the pandemic subsides. The full recovery of the Group's shopping mall business, in particular malls in tourist locations, remains uncertain subject to the timing for the full-scale reopening of cross-border travel.

Harbour North, North Point, Hong Kong

The Group's newly completed developments, including V Walk and Harbour North, have become lifestyle shopping destinations for their respective neighbourhoods with the introduction of refreshed tenant mix. A 300,000-square-foot shopping mall atop MTR Nam Cheong Station, V Walk serves residents of the Cullinan West residential development and the growing population nearby. Harbour North, the retail component of the Group's Victoria Harbour Development, represents the newest waterfront hub for shopping and dining in North Point, boasting a variety of lifestyle retailers.

During the year, the Group's portfolio of office space continued to deliver stable performance with overall average occupancies reaching 94%. This premium and diverse portfolio, together with the Group's trusted brand and quality management services, successfully tapped new demands from growing industries including insurers. IFC and ICC maintained their leading positions in Hong Kong's grade-A office leasing market and remained the preferred choices for renowned corporations. Both office buildings achieved healthy performance in terms of occupancy and rental income. Despite fierce competition resulting from abundant supply in Kowloon East, the Millennium City office cluster continued to draw tenants with its high specifications of large floor plates, attentive management services and close proximity to MTR stations.

Committed to continuing to invest in Hong Kong and with undaunted confidence in the city's long-term prospects, the Group will further strengthen its property investment portfolio through the development of new additions in the pipeline. Featuring excellent transportation connectivity, the landmark commercial development in West Kowloon sits atop the High Speed Rail West Kowloon Terminus. Under the existing plan, this mega project will comprise about 2.8 million square feet of grade-A offices and an approximate 349,000 square feet of premium shopping space, creating great synergy with the nearby ICC and evolving into a major business hub in the Greater Bay Area. Among other projects in the pipeline, a joint-venture development at 98 How Ming Street in Kowloon East will provide about 650,000 square feet of office space and an approximately 500,000-square-foot mall upon full completion, creating further synergy with the Millennium City cluster. With direct linkage to MTR Kai Tak Station, a 200,000-square-foot-plus mall beneath the Group's premium residential development in Kai Tak City Centre is under construction. The entire development is poised to inject vibrancy and diversity into this rapidly developing hub in Kai Tak.

Shanghai Arch, Shanghai

Property Business – Mainland

Land Bank

The addition of the mixed-use Jianghehui project in August 2019 has further strengthened the Group's presence in the Yangtze River Delta. Consisting of two adjacent sites located at the intersection of the Qiantang River and Beijing-Hangzhou Grand Canal, the mega joint-venture project in Hangzhou will provide a total above-ground gross floor area of about nine million square feet.

As at 30 June 2020, the Group held a total attributable land bank of 68.1 million square feet on the mainland. Of this, 53.6 million square feet were properties under development, about 50% of which will be developed into high-end residences. An overwhelming majority of the remaining 14.5 million square feet are completed properties for rental and long-term investment purposes. Around 80% of completed properties were signature mixed-use developments strategically located in major cities. The Group will maintain a selective and focused approach in seeking business opportunities in major cities while continuing to deliver premium projects on the mainland.

Property Development

The mainland residential market met with headwinds from the pandemic in the first quarter of 2020 following a period of robust sales momentum in the second half of 2019. Thanks to effective pandemic control measures and a more accommodating credit environment, market sentiment and buyer confidence have recovered since the second quarter of 2020. Sales remain solid with relatively stable prices in major cities.

During the year, encouraging attributable contracted sales of RMB9,500 million were achieved on the mainland. Major contributions came from Phase 2B of Shanghai Arch, a prestigious development adjacent to the Little Lujiazui CBD in Shanghai, as well as several joint-venture projects in Guangdong, including Oriental Bund in Foshan and The Woodland in Zhongshan.

The completion of two wholly-owned projects during the year delivered a total of 1.4 million square feet of gross floor area. Arch Residence in Shanghai consists of over 200,000 square feet of exquisitely designed apartments with stunning views of the Bund and Huangpu River. In Guangzhou, Phase 2B of Park Royale comprises about 1.2 million square feet of residential gross floor area, offering a modern waterfront living experience to its residents. Homebuyers were impressed by the outstanding building quality of the property as well as its attentive after-sale service. The completion of the 1.5-million-square-foot Nanjing Two IFC, the iconic office tower in Hexi CBD in Nanjing, will be postponed to the second half of 2020, due mainly to construction delays as a result of the pandemic.

Property Investment

Gross rental income derived from the mainland, including contributions from joint-venture projects, increased 2% year-on-year to RMB4,166 million during the year under review. The performance was affected by the short-term impact of rent concessions granted to the Group's retail tenants to ease their operating pressure during the outbreak of COVID-19.

Similar to containment measures introduced in Hong Kong, the Group has made extra efforts to ensure the health and safety of its shoppers, tenants and employees. The performance of the Group's property investment portfolio on the mainland varied according to different city-specific quarantine and social distancing measures since the outbreak of the pandemic early this year. As a result of resumption of work and governmental initiatives to boost local spending in various cities since March 2020, tenant sales at IAPM in Shanghai, Parc Central and IGC in Guangzhou have recovered considerably, while Shanghai IFC Mall saw a sharp rebound in tenant sales as locals flocked back to this luxury shopping hotspot. For offices, the performance of the Group's premium space at Shanghai IFC and Shanghai ICC stayed resilient amid keen competition in the city. These two office developments remained one of the preferred choices for multinationals and mainland corporates, supported by comprehensive amenities within the integrated complexes and convenient transport network.

Over the next four financial years, the Group is expected to complete around 12 million square feet of properties for investment purposes in terms of attributable gross floor area. The Group's portfolio is set to significantly increase from the existing portfolio of some 14 million square feet. Covering a total area of 7.6 million square feet, ITC in Shanghai marked the

One ITC, Shanghai

Shanghai IFC, Shanghai

latest milestone of the project with the opening of the One ITC mall during the year. With high committed occupancy, the 340,000-square-foot mall embraces an array of global flagship street-front stores with sophisticated designs that are new to the mainland, showcasing its grand luxury positioning. The introduction of specialty restaurants and unique art installations have also gradually turned the mall into a popular check-in destination, particularly for millennials. The premium offices in the first two phases of ITC were fully let. The remaining phase of the project will encompass a 2.5-million-square-foot shopping mall, a luxury hotel and grade-A office towers. Pre-leasing activities have commenced for the 220-metre grade-A office tower slated for completion in the first half of 2022 while the 370-metre skyscraper will be completed in late 2023, becoming one of the tallest buildings in Puxi.

Located in the Hexi CBD in Nanjing, the 3.4-million-square-foot Nanjing IFC comprises two premium office towers, a luxury shopping mall and a five-star hotel, Andaz Nanjing. Completed in mid 2019, Nanjing One IFC, consisting of about 500,000 square feet, has recorded a committed occupancy of about 70%. The soon-to-be-completed Nanjing Two IFC will provide about 1.5 million square feet of office space. Pre-leasing work has started, and negotiations with a leading mainland technology company and renowned professional services institutions are under way. Scheduled for opening in 2022, the luxury Nanjing IFC mall of over one million square feet has received positive preliminary marketing response. A new exit directly connecting the development to the metro station was recently opened, providing added convenience for tenants.

Chairman's Statement

ALVA Hotel by Royal, Sha Tin, Hong Kong

Looking ahead, the Group will continue to develop integrated developments on the mainland. Foundation work at the Qingsheng Project in Nansha, Guangzhou, has begun. To be developed in phases, the joint-venture Jianghehui project in Qianjiang New City CBD, Hangzhou, which the Group added in August 2019, will provide high-end offices, retail space, residential apartments and hotel facilities, with an above-ground gross floor area of about nine million square feet. Site formation is under way.

Other Businesses

Hotels

During the year under review, Hong Kong's hospitality sector faced unprecedented challenges due to local social incidents along with paralyzed cross-border travel amid the coronavirus pandemic. Accordingly, the occupancy and revenue per available room of the Group's hotel portfolio in Hong Kong saw a drastic decline. To mitigate such impacts, the management team has taken proactive measures, such as improvement of operational efficiency and the introduction of dining promotions and 'staycation' programmes, to attract local customers. Nevertheless, the Group's hotel division recorded a substantial operating loss in the second half of the financial year.

The performance of Ritz-Carlton Shanghai, Pudong was also negatively affected by the pandemic, but there have been signs of recovery as domestic business and leisure travel on the mainland gradually resumed following the easing of most anti-pandemic measures. The Group will continue to develop premium hotels as part of its integrated developments in major cities. Four Seasons Hotel Suzhou and Andaz Nanjing are scheduled to open over the next one to two years.

Telecommunications and Information Technology

SmarTone

During the year under review, SmarTone continued to grow its customer base and lead the industry in postpaid ARPU. SmarTone also launched its 5G services and achieved good customer up-take. However, the mobile industry remained highly competitive, putting pressure on profitability. The outbreak of COVID-19 since January 2020 has dramatically reduced travelling and hence SmarTone's outbound and inbound roaming revenues, which were a major source of revenue for the company. Near-term business outlook is uncertain with the continuation of the pandemic and the global unprecedented drastic downturn in travel. Against these headwinds, SmarTone will focus on serving its customers better and identifying new services and revenue streams, as well as maintaining vigilant control over costs. The Group remains confident of SmarTone's prospects and will continue to hold its interest in the company as a long-term investment.

SUNeVision

During the year under review, SUNeVision achieved healthy growth with additional contracts secured from existing and new customers. The outbreak of COVID-19 has significantly increased digital usage amongst enterprises and consumers alike such as video conferences, online streaming, e-commerce, and this drives up demand for data centre services. The outlook for data centre demand continues to look strong.

SUNeVision's existing data centres are upgrading their infrastructure and services to stay ahead of the competition. At MEGA-i, the initiative to substantially upgrade power capacity will be completed by 2020. This will cater for customers

MEGA Plus, SUNeVision's data centre in Tseung Kwan O, Hong Kong

KONBINI by YATA at ALVA Hotel by Royal, Sha Tin, Hong Kong

requiring higher power density. At MEGA Two, the company has launched further initiatives to upgrade the infrastructure after the acquisition of the property in November 2019. The development of the two new sites in Tsuen Wan and Tseung Kwan O is well under way and will be completed by phases starting in 2022. This will double the company's data centre portfolio to approximately 2.8 million square feet of gross floor area, and will firmly establish SUNeVision as the leading data centre player in Hong Kong.

Infrastructure and Other Businesses

During the year under review, the Group's infrastructure and transport businesses reported mixed performance, amidst local social incidents and the outbreak of COVID-19. These challenges adversely affected Wilson Group's business and traffic at Route 3 (CPS). Business at the Hong Kong Business Aviation Centre was disrupted by compulsory quarantine arrangements, but a number of mitigating measures were taken to maintain a healthy financial position. Airport Freight Forwarding Centre Company Limited registered stable performance, notwithstanding Sino-US trade tensions and disruptions of the supply chain due to the pandemic. The performance of the River Trade Terminal was affected by a small drop in throughput but the business remained resilient with new customers and the introduction of cost-cutting measures.

YATA continued to perform well. The brand reputation has grown in strength since the opening of the North Point store and the full reopening of the mega store at New Town Plaza after reconfiguration. YATA has seen a substantial step-up in demand over the last six months when Hong Kong households prefer to dine at home during the outbreak of COVID-19, and when consumers pay high attention to quality products. With its loyalty programme covering now 500,000 members, YATA has developed a loyal customer base. YATA is committed to sourcing and offering high-quality products, especially fresh food items, as well as providing a superior shopping experience for its customers.

Corporate Finance

The Group believes that its prudent financial management of low leverage, balanced debt maturity profile and abundant liquidity can tide it over unpredictable economic situations. As at 30 June 2020, the Group's net debt to shareholders' funds ratio remained low at 14.1% and interest coverage ratio stood at 11.8 times.

Given its solid financial strength and leading industry position, the Group continued to maintain a good score of A1 and A+ credit ratings with stable outlooks from Moody's and Standard & Poor's respectively. As a result, the Group remains one of the best-rated local property companies by both agencies.

The Group has enhanced its financial flexibility to better prepare itself for challenges and opportunities ahead. Leveraging its high credit ratings and strong investor base, the Group has successfully issued a number of bonds to prolong its debt maturities at attractive costs. During the year, the Group issued publicly a total of US$1,300 million 10-year bonds. The Group also tapped the Hong Kong dollar bond market with the issuance of HK$320 million 7-year bonds, HK$800 million 10-year bonds and HK$816 million 12-year bonds by private placements. Subsequent to the end of the financial year, the Group issued 7-year offshore Renminbi bonds of CNH810 million and 7-year Hong Kong dollar bonds of HK$200 million by private placements. These, together with the Group's robust banking relationships, have enabled it to gain access to a deep pool of standby liquidity for its future needs.

The Group has not taken any speculative positions on derivatives and structured products. In addition, the Group has minimal foreign exchange risk because the overwhelming majority of its borrowings are denominated in Hong Kong dollars with remaining liabilities mainly in US dollars and Renminbi. Meanwhile, the Group's mainland projects are funded by bank financings and cash flows generated onshore in Renminbi, which to a certain extent can withstand the Renminbi currency fluctuations.

Chairman's Statement

Refining the landscape in various projects for a greener environment

Corporate Governance

The Group has a comprehensive set of mechanisms in place to ensure sound corporate governance practices.

The Board directs and oversees the Group's overall strategies, backed by a number of Board Committees. The Executive Committee meets regularly and is primarily responsible for formulating business policies and decision making on key business issues. Chaired by Independent Non-Executive Directors, the Remuneration, the Nomination, and the Audit and Risk Management Committees have been established to ensure good corporate governance practices. Adequate internal controls are in place, and effective accountability and timely release of relevant information are all implemented to safeguard the interests of shareholders and the Group.

In addition, the Group set up a crisis management taskforce to coordinate, respond to and tackle ad hoc events in an effective manner. Led by two Deputy Managing Directors, the taskforce comprises senior management members of major business units. Apart from handling key issues or risks, the taskforce at present focuses on monitoring the latest development of the pandemic and providing advice on taking necessary measures with timely reviews to ensure their effectiveness.

Over the years, the Group has earned various major awards from leading financial publications, including *Euromoney*, *FinanceAsia* and *The Asset*, in recognition of its quality management and commitment to good corporate governance.

Sustainable Development

As a home-grown Hong Kong company that has embraced its philosophy and core value of Building Homes with Heart for decades, the Group demonstrated resilience to meet the challenges brought by local social incidents and the COVID-19 outbreak, ensuring business continuity and the interests of its stakeholders. The Group plays an active part in weathering impacts from the pandemic through care and support for customers, tenants, employees, and people in need in the community.

The Group's property management teams make all reasonable endeavours in comprehensive cleansing and disinfection across residential estates, malls and offices. Timely and caring measures were launched to help needy segments of society. To weather through the difficult time with business partners, the Group has offered rent concessions to its affected mall tenants for several months. For the underprivileged, it provided rent subsidies for households living in subdivided units, and helped frontline medical service providers, the elderly and other disadvantaged groups through the donation of masks.

To help ease Hong Kong's housing shortage, especially for the underprivileged, the Group has leased a site at a nominal rent to develop United Court, a transitional social housing project that will provide some 1,800 units when completed. Planning of the development is under way.

In addition to addressing keen housing needs, the Group endeavours to strike a balance between project development and environmental conservation. The rejuvenation of a 500,000-square-foot wetland as part of PARK YOHO, the Group's large-scale project in Yuen Long, serves as a prime example of achieving a harmonious integration between housing development and wetland conservation.

While the local social incidents and pandemic caused inevitable disruptions to its community initiatives, the Group enhanced promotion for its sports-for-charity spirit and happy reading among young people through creative online campaigns. To support youth entrepreneurship, the Group renewed its sponsorship in providing rent-free offices for the Hong Kong X-Tech Startup Platform to drive innovation and technology development in Hong Kong and the Greater Bay Area.

Apart from protecting the employment of staff, the Group safeguards their health through offering thoughtful anti-pandemic measures, including flexible work schedules and timely free virus tests, as well as enhanced medical benefits. Training continues uninterrupted via live webinars coupled with a new Technology Upskilling Portal to encourage self-learning among staff. Meanwhile, the SHKP Club fosters effective two-way communication with customers and helps keep the Group abreast of their needs. Members were engaged through newly launched interactive online initiatives to foster greater affinity.

Since 2019, the Group has committed to engaging the United Nations' Sustainable Development Goals as a universal call to action. It will continue to work hand-in-hand with stakeholders and explore ways to better align with and contribute to the United Nations' goals, striving towards a more sustainable future for all.

Prospects

The outbreak of COVID-19 has become the biggest threat to the world economy for the year 2020. While the impact of the pandemic has yet to come to its head, global economic activities are expected to remain subdued in the short to medium term as containment measures are likely to linger for a while. This, together with intensified Sino-US tensions, increased trade protectionism and continued geopolitical risks, will pose further challenges and uncertainties to economic recovery. Nevertheless, the easing of monetary policies and fiscal stimulus measures should help cushion the economic downturn. As with all previous pandemics, history shows that the current coronavirus will eventually end.

On the mainland, domestic economic activity is on track to recovery thanks to effective measures to contain the pandemic. Solid domestic demand and the positive stimulus measures introduced by the government should help maintain the economic activities at a healthy level in the near future. The mainland economy is expected to revert to its long-term growth path, given wider scope of market opening, including financial markets, as well as deepening technological development. All these will be conducive to the healthy development of the property market.

ICC, West Kowloon, Hong Kong

Chairman's Statement

In Hong Kong, the local economy will continue to face internal and external headwinds. The operating environment for tourism remains tough, causing continued severe disruptions to travel-related businesses. Nonetheless, noticeable government relief measures should be able to help stabilize the job market and support domestic consumer spending. Hong Kong will have a positive long-term prospect on the back of the Group's unwavering faith in the enduring success of 'One Country, Two Systems' and the Central Government's support for Hong Kong as an international financial and business centre. This should help underpin the development of the local property sector over time. In addition, solid end-user demand and low interest rates are expected to remain key drivers for the housing market.

With a vote of confidence for a better tomorrow, the Group will continue to focus on land acquisitions and property developments in Hong Kong as well as major cities on the mainland. While new projects will continue to be launched for sale, the market response is expected to be uncertain, depending on the state of the pandemic and economic recovery. Over the next nine months, a number of residential developments will be put on the market in Hong Kong, including the second phase of Victoria Harbour in North Point and the third phase of Wetland Seasons Park, as well as the first phases of a number of residential developments including Central Peak in Mid-levels East, a project in Sha Tin Mid-levels and Yuen Long Station Development, together with the completed units at Cullinan West in West Kowloon to be launched late this year. An industrial building in Tsuen Wan is also scheduled for sale. On the mainland, major developments to be offered for sale will include a new phase at the wholly-owned Grand Waterfront in Dongguan as well as new batches at several joint-venture projects, including TODTOWN in Shanghai and Oriental Bund in Foshan.

The performance of the Group's property investment portfolio will inevitably be affected by the sluggish economy and the lingering pandemic. Shopping malls, in particular, are expected to be affected by anti-pandemic measures, including stringent dine-in restrictions. The Group has been making additional efforts to raise the level of hygiene standards at its premises to offer ease of mind to its customers, residents, tenants and employees through the provision of a safe and healthy environment in which to shop, work and live. In addition, the Group will capitalize on its extensive operations network and join hands with its tenants to promote traffic and sales in its malls through creative marketing campaigns. To enhance its malls' competitiveness and to offer incentives to shoppers, the Group will continue to leverage its loyalty programme, The Point by SHKP, which rewards loyal customers and offers refined services with a deeper understanding of customers' needs. However, the timing on the full-scale reopening of cross-border travel, especially with the mainland, remains uncertain and is crucial to the recovery of shopping malls' and hotels' business.

Nanjing IFC, Nanjing

In addition, the Group will continue to expand its diversified property investment portfolio, providing a sizeable recurring income stream over the long term. A number of large-scale integrated developments are under way. These include the integrated landmark project atop the High Speed Rail West Kowloon Terminus in Hong Kong, the mega ITC in Shanghai and Jianghehui project in Hangzhou. Over the next two to three years, the Group will complete an office-cum-retail project in Kwun Tong and an extension of YOHO Mall, which represents the retail portion at Yuen Long Station Development in Hong Kong. On the mainland, the second office tower at Nanjing IFC in Nanjing along with the hotel, Andaz Nanjing, and the first office tower at the remaining phase of ITC in Shanghai are also scheduled for completion.

Hong Kong is our home and the Group will continue to offer a better living environment for the city by developing high-quality residences across a wide range of prices and unit sizes as well as other premises with excellent customer services. Caring for different segments of society, the Group is committed to being a responsible corporate citizen and continues with its pledge of Building Homes with Heart while serving a wider community, creating long-term value for stakeholders.

Having experienced different economic and political crises over the past decades, the economy of Hong Kong has not always been smooth sailing. With the unique strength of 'One Country, Two Systems' and favourable international competitiveness such as a low tax regime and world-standard business practices, Hong Kong will once again be able to turn adversity into opportunity. Coupled with growth impetus from the Greater Bay Area development amid promising future prospects of the mainland, the Group firmly believes that Hong Kong will prosper as in the past over the long term. Likewise, guided by an indomitable spirit of our late founder, Mr. Kwok Tak-seng, the Group has also gone through ups and downs since its public listing about 50 years ago, during which the management team has accumulated valuable experiences in dealing with various kinds of uncertainties, difficulties and challenges. Together with a strong financial position, a time-tested business strategy as well as a solid and proactive corporate culture, the Group is confident of being able to once again excel by overcoming the challenges in the times ahead and emerge as a better and more caring company.

Nevertheless, the Group's medium-term earnings prospects are expected to be uncertain, mainly depending on the development of the pandemic and the easing of respective containment measures, including the reopening of cross-border travel, which are crucial to the performance of property sales, rental income and hotels of the Group.

IFC, Central, Hong Kong

Directors and Appreciation

Dr. Lee Shau-kee will retire as a Non-Executive Director of the Company and cease to act as the Vice Chairman of the Board of the Company at the annual general meeting of the Company to be held in November 2020. A close business associate of Mr. Kwok Tak-seng, the late founder of the Company, Dr. Lee has been serving on the Board of the Company as Vice Chairman for over 48 years since the Company was listed in 1972. His outstanding leadership, enormous wealth of industry experience and invaluable advice have been instrumental to the growth and success of the Group. I would like to express my sincere gratitude to Dr. Lee for his immense contribution to the Group over the years.

Mr. Leung Kui-king, Donald, an Independent Non-Executive Director of the Company, will also retire at the annual general meeting. Mr. Leung has been serving on the Board of the Company for more than eight years since his appointment as an Independent Non-Executive Director in 2012. I would like to thank him for his valuable contribution to the Group during his tenure of service.

I would also like to take this opportunity to pay tribute to all staff members for their dedication, hard work and professionalism, in particular their industrious attitude and efforts in tackling the many tough challenges during the social incidents in the second half of 2019 and the ensuing pandemic so far this year, which helped maintain the Group's effective operations and deliver quality services to customers. My gratitude also goes to my fellow directors for their guidance and all our shareholders and customers for their continued support.

Kwok Ping-luen, Raymond
Chairman & Managing Director

Hong Kong, 10 September 2020

Business Model and Strategic Direction

Executive Committee

Kwok Ping-luen, Raymond

Wong Chik-wing, Mike

Lui Ting, Victor

Kwong Chun

Kwok Kai-fai, Adam

Kwok Kai-wang, Christopher

Tung Chi-ho, Eric

Business Model

As one of the largest property developers and landlords in Hong Kong, the Group is committed to creating sustainable value for shareholders and other stakeholders by developing premium properties both in Hong Kong and on the mainland.

Property development for sale, one of the two core businesses of the Group, adopts a vertically integrated model, from land acquisition, project planning, project management, material sourcing and construction through to sales and marketing and property management. This ensures a high standard in each area of a development and enables the Group to control the ultimate quality of its developments.

The second core business of the Group is property investment for rental purpose. Throughout the years, the Group has built, leased and managed a wide variety of commercial projects in Hong Kong and major cities on the mainland to provide premium office and retail space to tenants. In addition, the Group maintains a portfolio of hotels, high-class serviced suites and luxury residences catering for the diverse needs of its customers. The portfolio of property investment also covers industrial buildings, godowns, data centres and car parks.

Property development for sale and rental income from the portfolio of property investment constitute the Group's primary sources of income.

Core Values

The following core values are cornerstones for the Group's long-term development.

- **Building Homes with Heart**

  Producing premium premises and offering quality services for an ideal living environment

- **Speed, Quality, Efficiency**

  Earning the support and trust of all stakeholders through a commitment to speed, quality and efficiency

- **Customer First**

  Constantly anticipating what customers want and offering quality products and attentive services that exceed expectations

- **Continuous Improvement**

  Keeping up with the market and setting high standards, along with lifelong learning for greater adaptability and constant exploration of new ideas

- **Teamwork**

  Nurturing a pool of talented and high-calibre employees capable of achieving objectives through harnessing the power of teamwork, collective experience and professional knowledge

Strategic Direction

The Group creates sustainable value for shareholders through the following strategies:

- Balanced sources of income
- Hong Kong focus
- Expansion on the mainland
- Prudent financial management

Fung Yuk-lun, Allen

Chow Kwok-yin, Eric

Yung Sheung-tat, Sandy

Li Ching-kam, Frederick

Fung Sau-yim, Maureen

Chan Hong-ki, Robert

Lam Ka-keung, Henry

Balanced Sources of Income

The Group aims to secure relatively balanced sources of income over the long term with a focus on property development for sale and rental income from its portfolio of property investment. This strategy offers a balance between steady cash flow and quick asset turnover.

The portfolio of property investment aims to generate a steadily growing income stream for the Group's shareholders. Proactive leasing management, asset enhancement initiatives and trade- and tenant-mix refinements are key attributes to maintaining the Group's leading position in the leasing market.

Property development serves as another growth engine for the Group in the long term and offers quick asset turnover as well as enhancing liquidity and capital utilization. The Group makes every effort to ensure outstanding quality and services in order to achieve premium pricing.

Hong Kong Focus

As a significant participant in Hong Kong's development for decades, the Group has built a trusted reputation and premium brand name over the years. The Group is confident of the long-term prospects of the territory as an international finance, business and trade centre, and as a gateway to the world for the mainland.

Through tenders, land use conversions and other means, the Group has added new sites to its Hong Kong land bank over the years and targets prime sites with attractive investment potential. The Group upholds its belief in Building Homes with Heart, making it a developer that customers prefer. As an integral part of its core strategy, the Group continues to strengthen its premium brand through the delivery of outstanding products and services. Throughout the years the Group's efforts have enhanced its premium brand, which has been well recognized by the market. The Group has pledged to continue to strengthen its premium brand in the years to come.

Expansion on the Mainland

The Group is positive about the long-term prospects for the mainland, which offers a variety of investment opportunities. The Group has a selective and focused strategy with key cities being its major focal points. Building upon its stellar reputation, experienced team, commitment to quality and customer focus, the Group will continue to focus on building and enhancing its premium brand and developing high-quality projects on the mainland.

Prudent Financial Management

A strong financial position is crucial to the Group's success. Prudent financial management ensures the Group's healthy and sustainable growth and allows it to invest in attractive projects when opportunities arise.

Constantly maintaining its gearing at a reasonable level, and paying close attention to liquidity management, the Group has ensured adequate financial resources for its daily operations and strategic investments.

The Group aims to further strengthen its financial position by diversifying sources of funding. The Group enjoys high credit ratings, putting it in a favourable position to tap debt capital markets. The Group also maintains excellent banking relationships and is able to obtain abundant banking facilities for business needs.

Review of Operations

Victoria Harbour Gateway, Hong Kong

Hong Kong Property Business

Highlights

- **The Group acquired a prime mega commercial site in Hong Kong during the year, bringing the development land bank to 57.5 million square feet as at 30 June 2020**
- **Completed about 3.5 million square feet of attributable gross floor area, of which about 3.0 million square feet were residential properties**
- **Achieved contracted sales of about HK$33,600 million**
- **Net rental income from the Group's well-diversified quality rental property portfolio amounted to HK$14,456 million, down 6% from the previous financial year**

Land Bank

In Hong Kong, the Group acquired a prime mega commercial site atop the High Speed Rail West Kowloon Terminus through a government tender during the year. Details of the new site are shown in the Chairman's Statement on page 9. Comprising a developable gross floor area of 3.16 million square feet, this addition will be developed into an office-cum-retail landmark, reaffirming the Group's prominent position in the burgeoning West Kowloon business hub.

As at 30 June 2020, the Group held a total land bank of 57.5 million square feet in Hong Kong, covering 33.4 million square feet of completed properties and 24.1 million square feet of properties under development, as compared to a total of 58.0 million square feet last year. Of the completed properties, an overwhelming majority are for rental and long-term investment purposes, about 35% are comprised of premium shopping malls and retail space while some 31% are office buildings in core Central, West Kowloon, Kowloon East, Wan Chai and other areas. Spreading over various locations and constituting different usages, this well-diversified completed properties portfolio not only offers tenants a variety of choices and flexibility, but also provides the Group a reliable source of recurrent income.

The 24.1 million square feet of properties under development will sufficiently enable the Group to meet its development needs over the medium term. Of this, about 17.8 million square feet are residential gross floor areas to be developed into a wide range of premises, primarily for sale, across different areas in both urban districts and the New Territories. The remaining 6.3 million square feet of properties under development are earmarked for premium offices, shopping malls, and hotels, which will be mainly retained for rental and long-term investment purposes upon completion.

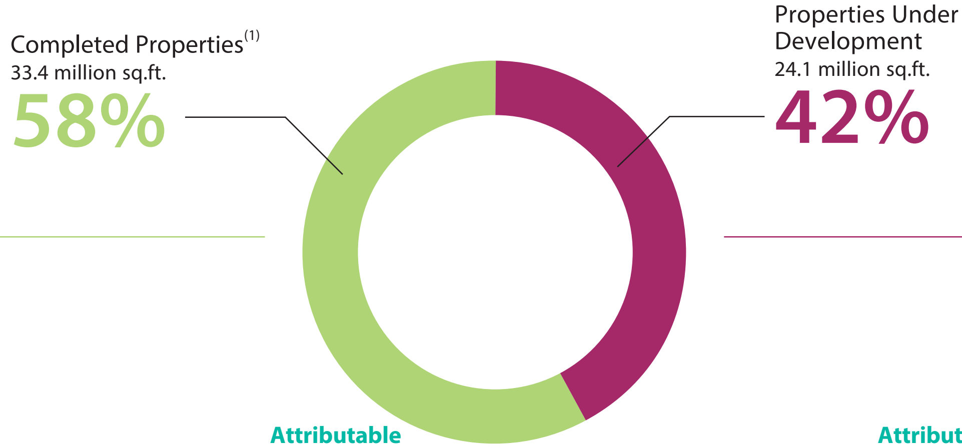
The Group continued to replenish its development land bank through a number of means, including active participation in public tenders and land use conversions. The Group remains confident in Hong Kong's property market and hence will continue to acquire land for its long-term development needs whenever opportunities arise, despite a challenging operating environment at present. In particular, the Group will proactively convert its agricultural lands into buildable sites.

Subsequent to the end of the financial year, the Group's land bank amounted to about 56.9 million square feet after changes including the completion of the transaction with Ping An Life on the disposal of a certain interest of office portion at the commercial site atop the High Speed Rail West Kowloon Terminus.

The Group's land bank in Hong Kong as at 30 June 2020, by attributable gross floor area, was as follows:

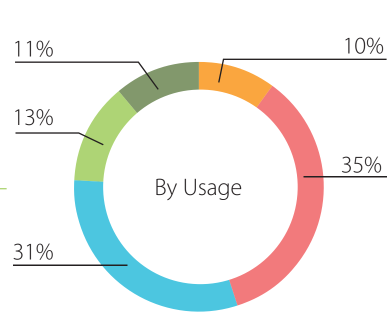
Hong Kong Land Bank Composition

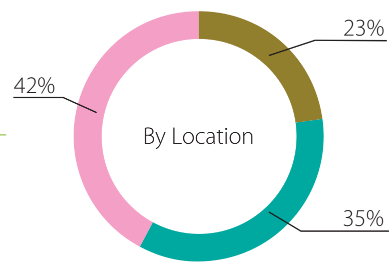
(57.5 million square feet of attributable gross floor area as at 30 June 2020)



Completed Properties

	Attributable Gross Floor Area (million sq.ft.)
Residential	3.3
Shopping Centre/Shops	11.9
Office	10.3
Hotel	4.2
Industrial[2]	3.7

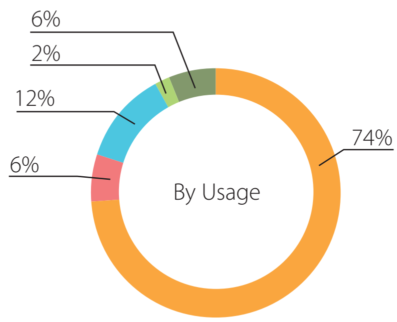


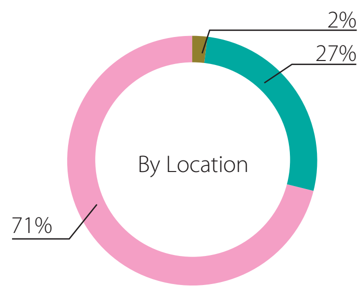


	Attributable Gross Floor Area (million sq.ft.)
Hong Kong Island	7.5
Kowloon	11.7
New Territories	14.2

Properties Under Development

	Attributable Gross Floor Area (million sq.ft.)
Residential	17.8
Shopping Centre/Shops	1.6
Office	2.9
Hotel	0.4
Industrial[2]	1.4





	Attributable Gross Floor Area (million sq.ft.)
Hong Kong Island	0.6
Kowloon	6.4
New Territories	17.1

(1) An overwhelming majority are for rent/investment

(2) Including industrial/office premises, godowns and data centres

Hong Kong Property Business
Property Development

Clubhouse of Cullinan West, West Kowloon

St Martin, Tai Po

Property Development

The Group owns a diversified and sizeable development land bank. During the year, as mentioned in the Land Bank section, the Group made a successful bid in the tender of a prime mega commercial site atop the High Speed Rail West Kowloon Terminus.

Offering high-quality premises ranging from mass-market apartments, luxury residences, high-specification office and retail premises, the Group has gained strong recognition from its buyers, tenants and shoppers. Adhering to the spirit of Building Homes with Heart, the Group is the first developer in town to offer a three-year warranty on its new Hong Kong residential units. The Group will continue to strengthen its premium brand by fulfilling the aspirations and changing preferences of customers, including more stringent requirements for hygiene standards in its properties amid the pandemic. Led by an experienced management team, the Group is determined to cope with the headwinds arising from the COVID-19 pandemic and other challenges.

During the year under review, the Group recorded contracted sales of about HK$33,600 million in attributable terms in Hong Kong, despite local social incidents and the COVID-19 pandemic. Major residential projects launched for sale during the year included Cullinan West III in West Kowloon, Phase 1 and 2 of Wetland Seasons Park near Hong Kong Wetland Park, Crown of St. Barths in Ma On Shan, and PARK YOHO Napoli in Yuen Long.

Major Projects under Development

The Group's projects under development spread across different locations throughout the territory, with a strong presence in Kai Tak, Tai Po, Yuen Long and Tuen Mun. These projects include a number of sites at prime locations near existing and planned MTR stations. Below are the descriptions of the Group's major projects.

Hong Kong Island

Central Peak Development Phase 2
Inland Lot No. 8963, Stubbs Road
(100% owned)

Site area	: 158,000 square feet (entire development)
Gross floor area	: 59,000 square feet (residential)
Approximate number of units	: 19
Expected date of Certificate of Compliance/ Consent to Assign	: first half of 2021

This deluxe residential development is located in an exceptionally prime area of Mid-Levels East, which offers a high degree of privacy and spectacular views of the racecourse and Causeway Bay. It enjoys easy access to the business districts on Hong Kong Island such as core Central and Wan Chai with less than a 10-minute drive. With meticulous layout plans, elegant designs and premium finishes, the project will set a new standard for

Central Peak, Mid-Levels East

Victoria Harbour, North Point

luxury residence and is expected to offer residents a modern, unique living experience. The first phase of the development, consisting of 53 spacious units with a total gross floor area of 122,000 square feet, was completed in the second half of 2019. Phase 2 of the development, with a gross floor area of 59,000 square feet, providing 19 houses, is scheduled for completion in 2021.

Victoria Harbour Development subsequent phases
The Remaining Portion of Inland Lot No. 9027, North Point
(100% owned)

Site area	: 252,000 square feet (entire development)
Gross floor area	: 258,000 square feet (residential) 138,000 square feet (retail)
Approximate number of units	: 350
Expected date of Certificate of Compliance/ Consent to Assign	: from second half of 2021, in phases(1)

The integrated development borders the waterfront at North Point, comprising nine luxury residential towers, a shopping mall and a hotel. With the 400-metre long waterfront promenade and the landscaped open space in front, the development has created a relaxed living environment for the neighbourhood and become a new landmark in North Point. The project enjoys the advantages of a convenient transport network, with its proximity to the Central-Wan Chai Bypass and MTR North Point Station, which is an interchange station for two existing MTR lines.

The luxury residential component Victoria Harbour is being developed in phases. Phase 1, with a gross floor area of around 320,000 square feet for 355 premium apartments, was completed last year. Scheduled for completion in the second half of 2021, the subsequent phases, with a residential gross floor area of around 258,000 square feet, will provide about another 350 luxury units in four towers, with most units embracing the harbour views.

The retail component, Harbour North, together with the Hyatt Centric Victoria Harbour Hong Kong as part of the integrated project, offer various dining options and a stylish living experience to the neighbourhood. Please refer to page 44 for more details of Harbour North.

(1) *For residential portion; the occupation permit of the retail portion has been granted.*

Property Development

Cullinan West III, West Kowloon

Kowloon

Cullinan West III
New Kowloon Inland Lot No. 6333
(Joint venture)

Site area	:	497,000 square feet (entire development)
Gross floor area	:	670,000 square feet (residential)
Approximate number of units	:	1,200
Expected date of Certificate of Compliance/ Consent to Assign	:	second half of 2020

Located atop MTR Nam Cheong Station that serves as an interchange station for Tung Chung Line and West Rail Line, Cullinan West provides residents with excellent transport convenience, an all-encompassing living environment and a wide range of clubhouse facilities. With a total gross floor area of 2.6 million square feet, the project delivers about 3,400 apartments in three phases and a shopping mall V Walk underneath.

The first two phases of the development with some 2,200 units were virtually sold out and handed over to buyers starting from 2018, attracting wide acclaim from residents for its premium quality and thoughtful designs.

Cullinan West III, the final phase of the project, offers about 1,200 units with a gross floor area of 670,000 square feet. Around 900 units of this phase have been launched for sale since September 2019 and were virtually sold out. A substantial majority of these units have been handed over to buyers.

98 How Ming Street, Kwun Tong
(Kwun Tong Inland Lot No. 240)
(69.8% effective interest [1])

Attributable site area	:	67,000 square feet
Attributable gross floor area	:	454,000 square feet (office) 349,000 square feet (retail)
Expected date of Certificate of Compliance/ Consent to Assign	:	first half of 2023

Situated in the fast-developing Kowloon East commercial hub, the project will be developed into an integrated commercial complex, comprising two 20-storey grade-A office towers with Victoria Harbour views from most office floors and a shopping mall underneath. The complex will boast a stylish facade design with curtain walls, adding a lively taste of style and vibrancy to the vicinity.

With a 10-storey podium spanning over half a million square feet of gross floor area, the mall will house a vast variety of shops and restaurants, aiming to bring an all-round experience to visitors. Apart from its convenient access to public transport networks, including MTR and many bus routes, the complex will provide ample parking space to meet the needs of office tenants, shoppers and visitors.

The 1.15-million-square-foot development, well connected to the adjacent Millennium City 6 by a footbridge to be built, is expected to bring synergy to the Group's property portfolio in the area. Superstructure work began in January 2020 and has been progressing as planned.

(1) *As at 30 June 2020, the Group has a 50% direct interest in this project plus about 19.8% indirect interest derived from its stakes in Transport International Holdings Limited.*

98 How Ming Street, Kwun Tong

New Kowloon Inland Lot No. 6568

(100% owned)

Site area	:	178,000 square feet
Gross floor area	:	1.1 million square feet (residential) 262,000 square feet (retail)
Approximate number of units	:	1,500
Expected date of Certificate of Compliance/ Consent to Assign	:	after 2023, in phases

Representing the Group's first project in the Kai Tak area, the development will consist of five towers, providing about 1.1 million square feet of residential gross floor area and a 200,000-square-foot-plus retail podium, including an underground shopping street that connects to MTR Kai Tak Station. The residential portion will provide about 1,500 premium units, offering diverse flat types which range from studio to four-bedroom apartments as well as special units. High-floor units at the residential towers, which are among the tallest in the nearby area, will feature spectacular views of Victoria Harbour.

With MTR Kai Tak Station of the Shatin to Central Link opened in February 2020, the project's connectivity has been greatly enhanced, given its weather-proof access directly linked to the station. Upon the full completion of the 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.

Replicating the success of the Group's The Cullinan atop MTR Kowloon Station, the project is set to offer a luxury living experience for its residents and is expected to provide synergy with the high-quality harbourfront residential site on the former Kai Tak runway that the Group acquired in January 2019. Piling work is progressing smoothly.

New Kowloon Inland Lot No. 6551, Kai Tak

New Kowloon Inland Lot No. 6551

(100% owned)

Site area	:	118,000 square feet
Gross floor area	:	625,000 square feet (residential) 24,000 square feet (retail)
Approximate number of units	:	500
Expected date of Certificate of Compliance/ Consent to Assign	:	after 2023, in phases

Situated at the Kai Tak Runway, the project will provide mainly two- to four-bedroom apartments and sufficient parking space to fulfill homebuyers' increasing demand for better quality living. Most units are expected to enjoy panoramic views of both sides of the Victoria Harbour. The nearby Kai Tak Cruise Terminal, the planned Metro Park and a harbourfront promenade under planning will bring a refreshing and verdant touch to the project. To be developed in phases, the development will consist of about 625,000 square feet of residential gross floor area and a 24,000-square-foot retail space, and is expected to synergize with the Group's another landmark residential and retail development in Kai Tak City Centre. Piling work of the project has commenced and is progressing as expected.

Property Development

A mega site atop the High Speed Rail West Kowloon Terminus

Kowloon Inland Lot No. 11262

(Joint venture [1])

Site area	: 643,000 square feet
Gross floor area	: 2.8 million square feet (office)[1] 349,000 (retail)
Expected date of Certificate of Compliance/ Consent to Assign	: after 2023, in phases

Acquired through a public tender in November 2019, the site is strategically located atop the High Speed Rail West Kowloon Terminus with three existing railway lines and a High Speed Rail connecting the mainland and Hong Kong. The comprehensive transportation network will provide this commercial landmark project with convenient access to different districts in Hong Kong and major cities on the mainland.

Under the existing plan, this 3.16-million-square-foot development will comprise 2.8 million square feet of quality grade-A offices and about 349,000 square feet of retail space. Following the acquisition, the Group introduced two long-term strategic investors[1] in succession in order to create greater synergy for the project by pooling their expertise, resources and strengths. The Group will maintain 50% and 100% of the interests in the office portion and the retail portion of the development respectively for long-term investment.

Upon completion, the project will generate excellent synergy with the Group's neighbouring ICC office and two five-star hotels. It will also help drive West Kowloon's evolution into an integrated commercial, retail, cultural, entertainment and transportation hub, as well as a vital commercial core in Hong Kong and the Greater Bay Area. Construction work will commence as soon as the development plan is finalized.

(1) Upon completion of the corresponding transactions, the Kwok Family Companies and Ping An Life Insurance Group, the two long-term strategic investors in the project, own a 20% interest and a 30% interest respectively of the development's office portion.

New Territories East

Sha Tin Town Lot No. 609

(100% owned)

Site area	: 145,000 square feet
Gross floor area	: 434,000 square feet (residential)
Approximate number of units	: 340
Expected date of Certificate of Compliance/ Consent to Assign	: first half of 2022

The deluxe residential development will provide about 340 spacious three- to four-bedroom units in five blocks. Built on an elevated area of a small hill, the low-density development enjoys a tranquil and peaceful environment, and offers spectacular mountain and panoramic views of Sha Tin city centre. The project provides sufficient parking space, and convenient access to public transportation, with about a five-minute drive to MTR Sha Tin Wai Station or City One Station. A variety of clubhouse amenities will also be featured. Superstructure work is progressing smoothly.

Sha Tin Town Lot No. 609

Tai Po Town Lot No. 244

Tai Po Town Lot No. 244
(100% owned)

Site area	:	354,000 square feet
Gross floor area	:	892,000 square feet (residential) 30,000 square feet (retail)
Approximate number of units	:	1,900
Expected date of Certificate of Compliance/ Consent to Assign	:	from first half of 2023, in phases

The site is expected to be developed into the Group's another quality residence in the Pak Shek Kok area. Neighbouring the Science Park, Tolo Harbour, a renowned university and the Tai Po Kau Nature Reserve, the development will consist of approximately 1,900 quality residences of different flat types and sizes, from studios to three-bedroom units. Commanding panoramic green views, the project enjoys a serene environment, with some units on higher floors overlooking splendid vistas of Tolo Harbour. The shopping and leisure facilities in the neighbourhood will be further enhanced with the completion of the shops in the development, which comprise about 30,000 square feet. With growing population residing in the area and improving public transportation facilities, the neighbourhood community will become increasingly mature. Foundation work is currently in progress.

Tai Po Town Lot No. 157
(100% owned)

Site area	:	6.7 million square feet
Gross floor area	:	4.7 million square feet (residential)[1] 100,000 square feet (retail) [1]
Approximate number of units	:	4,900[1]
Expected date of Certificate of Compliance/ Consent to Assign	:	after 2023, in phases

Situated near leafy slopes of Ma On Shan, the project enjoys a tranquil environment overlooking panoramic mountain and sea views. The Group has obtained planning permission for minor relaxation of plot ratio of the development[1]. Under the revised development plan, the total residential space will be expanded to over five million square feet with about 9,500 residential units, a scale comparable to another of the Group's iconic residential projects, the YOHO cluster, consisting of over 40 residential blocks.

To be developed in phases, the mega residential project will feature a cross-generation living concept with pedestrian-friendly designs, and different smart-living technologies. The development will also provide over 100,000 square feet of retail space and a wide range of community facilities, including kindergartens and sports complexes. Improvement work such as road widening and associated infrastructural facilities to enhance the connectivity of the development is progressing as scheduled. Piling work of the first phase has begun.

(1) *The Group obtained planning permission of revising the plot ratio of the project, leading to an increase of residential gross floor area to about 5.6 million square feet and retail gross floor area to about 130,000 square feet. Relevant land premium negotiations with the government for the additional gross floor area mentioned above are now under way.*

Tai Po Town Lot No. 157

Property Development

Yuen Long Town Lot No. 510

New Territories West

Yuen Long Town Lot No. 510 (Yuen Long Station Development)

(Joint venture)

Site area	: 418,000 square feet
Gross floor area	: 1.4 million square feet (residential) 107,000 square feet (retail)
Approximate number of units	: 2,000
Expected date of Certificate of Compliance/ Consent to Assign	: from second half of 2022, in phases

Located atop MTR Yuen Long Station and within the well-established YOHO community, the project provides residents with convenient transportation and a variety of dining, shopping and entertainment amenities under one roof. The development will comprise six residential towers of 23 to 47 storeys, offering diverse flat layouts ranging from one- to four-bedroom apartments. It boasts a network of air-conditioned footbridges connecting different phases of the YOHO community and MTR Yuen Long Station.

The project will also feature a shopping mall of 107,000 square feet, which will become an added element to the existing YOHO Mall portfolio upon its completion in 2023.

Superstructure work of the project is progressing well and the residential units are slated for handover starting from the second half of 2022 in phases.

Wetland Seasons Park Tin Shui Wai Town Lot No. 34

(100% owned)

Site area	: 693,000 square feet
Gross floor area	: 1.0 million square feet (residential) 20,000 square feet (retail)
Approximate number of units	: 1,700
Expected date of Certificate of Compliance/ Consent to Assign	: from first half of 2021, in phases

Tin Shui Wai Town Lot No. 33

(100% owned)

Site area	: 813,000 square feet
Gross floor area	: 1.1 million square feet (residential) 29,000 square feet (retail)
Approximate number of units	: 2,000
Expected date of Certificate of Compliance/ Consent to Assign	: from first half of 2022, in phases

Adjacent to the Hong Kong Wetland Park, the two large-scale sites will be developed into a tranquil community, with a relatively low-density residential enclave and a wide range of amenities. The project will enjoy easy access to public transport networks, including two nearby Light Rail stations. The two project combined will provide a total of 49,000 square feet of retail space to offer shopping convenience for residents.

Named as Wetland Seasons Park, the development at Tin Shui Wai Town Lot No. 34 will provide around 1,700 residential units, including houses, villas and low-density residential towers, with the majority being small- to medium-sized apartments. The first two phases of the three-phased development were launched for sale with encouraging responses. About 98% of around 1,400 units at these two phases were sold.

Another development at Tin Shui Wai Town Lot No. 33 will provide a total of 2,000 residential units. Superstructure work is advancing well with the topping-out expected by the end of 2020.

Wetland Seasons Park, Tin Shui Wai

Tin Shui Wai Town Lot No. 23 (Tin Wing Station Development)

(Joint venture)

Site area	: 196,000 square feet
Gross floor area	: 980,000 square feet (residential) 2,000 square feet (retail)
Approximate number of units	: 2,000
Expected date of Certificate of Compliance/ Consent to Assign	: after 2023, in phases

The project will be developed into a residential complex with about 2,000 units of mainly small- to medium-sized apartments in three blocks, spanning a total of 980,000 square feet of gross floor area. Situated near a rejuvenating leafy park, the project will also provide retail facilities to meet residents' daily needs.

Sitting atop Light Rail Tin Wing Station that will be well connected by planned footbridges to neighbourhood facilities, including a bus terminus, the development will enjoy convenient access to public transportation networks.

Piling work was resumed in the first quarter of 2020 following the completion of remedial work, including grouting, which was requested by the authorities due to subsidence at the Light Rail station.

Tuen Mun Town Lot No. 483

(100% owned)

Site area	: 482,000 square feet
Gross floor area	: 2.4 million square feet (residential) 50,000 square feet (retail)
Approximate number of units	: 4,600
Expected date of Certificate of Compliance/Consent to Assign	: from first half of 2023, in phases

Overlooking the green landscape of Castle Peak and in close proximity to MTR Siu Hong Station, this project not only offers residents a refreshing environment with needed amenities, but also easy accessibility to most major areas in the city via the Light Rail and West Rail as well as planned new bus routes. Meanwhile, the project will take advantage of further enhancement of the cross-border transportation network in Tuen Mun.

Being the largest scale residential development in Tuen Mun over the past decade, the site will be developed into a new residential enclave in phases comprising around 4,600 apartments in 14 residential towers of 22 to 31 storeys, offering a wide array of flat layouts including studio and one- to four-bedroom units. Comprehensive clubhouse facilities, including an all-weather swimming pool, will also be provided. Superstructure work for the first phase of the project comprising around 1,600 units has just begun.

Property Development

Major Projects Under Development in Hong Kong by Year of Completion[1]

Location	Project Name	Group's Interest (%)
Scheduled for Completion in FY2020/21		
Nam Cheong Station Development Phase 5	Cullinan West III	JV
Tin Shui Wai Town Lot No. 34 Phase 1	Wetland Seasons Park	100
Tai Po Town Lot No. 225 Phase 2	St Martin	100
Tuen Mun Town Lot No. 539	Regency Bay	100
Tuen Mun Town Lot No. 515 Phase 2	Mount Regency	100
Sha Tin Town Lot No. 617	W LUXE	100
Lot 1927 in DD 107, Yuen Long Phase 3		100
Inland Lot No. 8963, Stubbs Road Phase 2	Central Peak II	100
Kwai Chung Town Lot No. 522		100
Tung Chung Town Lot No. 11	The Silveri Hong Kong – MGallery	20
Year Total:		
Scheduled for Completion in FY2021/22		
Tin Shui Wai Town Lot No. 33 Phase 1		100
Tin Shui Wai Town Lot No. 34 Phases 2 & 3	Wetland Seasons Park	100
Sha Tin Town Lot No. 609		100
New Kowloon Inland Lot No. 6550		100
Inland Lot No. 9027, North Point subsequent phases	Victoria Harbour/Harbour North	100
252 Texaco Road & 28 Wang Lung Street, Tsuen Wan		65.2
222-228 Wan Chai Road		92
195 Prince Edward Road West, Kowloon City		100
Year Total:		
Scheduled for Completion in FY2022/23		
Yuen Long Station Development		JV
98 How Ming Street (Kwun Tong Inland Lot No. 240)		69.8[3]
Tuen Mun Town Lot No. 483 Phase 1		100
Tseung Kwan O Town Lot No. 131 Phase 1		73.8
Tin Shui Wai Town Lot No. 33 subsequent phase(s)		100
Tai Po Town Lot No. 244 Phase 1		100
Tsuen Wan Town Lot No. 428		73.8
233 Prince Edward Road West, Kowloon City		58
Year Total:		
Major Projects Scheduled for Completion in FY2023/24 or Beyond		
Tai Po Town Lot No. 157		100
Kowloon Inland Lot No. 11262		JV[4]
Tuen Mun Town Lot No. 483 subsequent phase(s)		100
New Kowloon Inland Lot No. 6568		100
Tin Wing Station Development		JV
New Kowloon Inland Lot No. 6551		100
Tai Po Town Lot No. 244 subsequent phase(s)		100
The Remaining Portion of Yuen Long Town Lot No. 507 Phase 3		100
Tseung Kwan O Town Lot No. 131 Phase 2		73.8
Lot 2091 in DD 105, Shek Wu Wai, Yuen Long		54.5
Tuen Mun Town Lot No. 463		59.1
13-23 Wang Wo Tsai Street, Tsuen Wan		100
Lot 2579 in DD 92, Kwu Tung, Sheung Shui		100
Total for Major Projects to be Completed in FY2023/24 or Beyond:		

(1) Information up to late August 2020; Completion refers to the stage in which the project is ready for handover; Excluding the gross floor area of Government Accommodation
(2) Including data centre
(3) Including 50% direct interest and an indirect interest of about 19.8% derived from the Group's holdings in Transport International Holdings (TIH)
(4) The Group currently has a 100% and 50% interest in the retail and office portions respectively

Attributable Gross Floor Area (square feet)					
Residential	**Shopping Centre/Shops**	**Office**	**Hotel**	**Industrial[2]**	**Total**
670,000	–	–	–	–	670,000
423,000	20,000	–	–	–	443,000
374,000	–	–	–	–	374,000
286,000	21,000	–	–	–	307,000
235,000	–	–	–	–	235,000
–	3,000	171,000	–	–	174,000
94,000	45,000	–	–	–	139,000
59,000	–	–	–	–	59,000
–	1,000	57,000	–	–	58,000
–	–	–	26,000	–	26,000
2,141,000	**90,000**	**228,000**	**26,000**	**–**	**2,485,000**
672,000	20,000	–	–	–	692,000
597,000	–	–	–	–	597,000
434,000	–	–	–	–	434,000
–	–	–	374,000	–	374,000
258,000	138,000	–	–	–	396,000
–	–	–	–	248,000	248,000
–	–	121,000	–	–	121,000
45,000	–	–	–	–	45,000
2,006,000	**158,000**	**121,000**	**374,000**	**248,000**	**2,907,000**
1,361,000	107,000	–	–	–	1,468,000
–	349,000	454,000	–	–	803,000
739,000	–	–	–	–	739,000
–	–	–	–	537,000	537,000
453,000	9,000	–	–	–	462,000
282,000	17,000	–	–	–	299,000
–	–	–	–	149,000	149,000
42,000	–	–	–	–	42,000
2,877,000	**482,000**	**454,000**	**–**	**686,000**	**4,499,000**
4,688,000	100,000	–	–	–	4,788,000
–	349,000	1,408,000	–	–	1,757,000
1,645,000	50,000	–	–	–	1,695,000
1,066,000	262,000	–	–	–	1,328,000
980,000	2,000	–	–	–	982,000
625,000	24,000	–	–	–	649,000
610,000	13,000	–	–	–	623,000
452,000	29,000	–	–	–	481,000
–	–	–	–	358,000	358,000
265,000	–	–	–	–	265,000
205,000	–	–	–	–	205,000
168,000	–	–	–	–	168,000
162,000	–	–	–	–	162,000
10,866,000	**829,000**	**1,408,000**	**–**	**358,000**	**13,461,000**

Property Development

Major Properties Under Development in Hong Kong

Residential · Shopping Centre/Shops · Office · Industrial[1] · Hotel

District		Project Name	Usage
Hong Kong Island	1	Central Peak II	Residential
	2	222-228 Wan Chai Road	Office
	3	Victoria Harbour Development	Residential, Shopping Centre/Shops
Kowloon	4	New Kowloon Inland Lot No. 6550	Hotel
	5	Cullinan West III	Residential
	6	High Speed Rail West Kowloon Terminus Development	Shopping Centre/Shops, Office
	7	195 Prince Edward Road West / 233 Prince Edward Road West	Residential
	8	New Kowloon Inland Lot No. 6568	Residential, Shopping Centre/Shops
	9	New Kowloon Inland Lot No. 6551	Residential, Shopping Centre/Shops
	10	98 How Ming Street	Shopping Centre/Shops, Office
New Territories East	11	Tseung Kwan O Town Lot No. 131	Industrial
	12	Sha Tin Town Lot No. 609	Residential
	13	W LUXE	Shopping Centre/Shops, Office
	14	Tai Po Town Lot No. 244	Residential, Shopping Centre/Shops
	15	St Martin	Residential
	16	Tai Po Town Lot No. 157	Residential, Shopping Centre/Shops
New Territories West	17	Tuen Mun Town Lot No. 463	Residential
	18	Regency Bay	Residential, Shopping Centre/Shops
	19	Mount Regency	Residential
	20	Tuen Mun Town Lot No. 483	Residential, Shopping Centre/Shops
	21	Wetland Seasons Park / Tin Shui Wai Town Lot No. 33	Residential, Shopping Centre/Shops
	22	Tin Wing Station Development	Residential, Shopping Centre/Shops
	23	Yuen Long Station Development	Residential, Shopping Centre/Shops
	24	Grand YOHO Phase 3	Residential, Shopping Centre/Shops
	25	PARK YOHO Phase 3	Residential, Shopping Centre/Shops
	26	Lot 2091 in DD 105, Shek Wu Wai, Yuen Long	Residential
	27	Lot 2579 in DD 92, Kwu Tung, Sheung Shui	Residential
	28	252 Texaco Road & 28 Wang Lung Street, Tsuen Wan	Industrial
	29	Tsuen Wan Town Lot No. 428	Industrial
	30	13-23 Wang Wo Tsai Street, Tsuen Wan	Residential
	31	Kwai Chung Town Lot No. 522	Shopping Centre/Shops, Office
	32	The Silveri Hong Kong – MGallery	Hotel

MTR

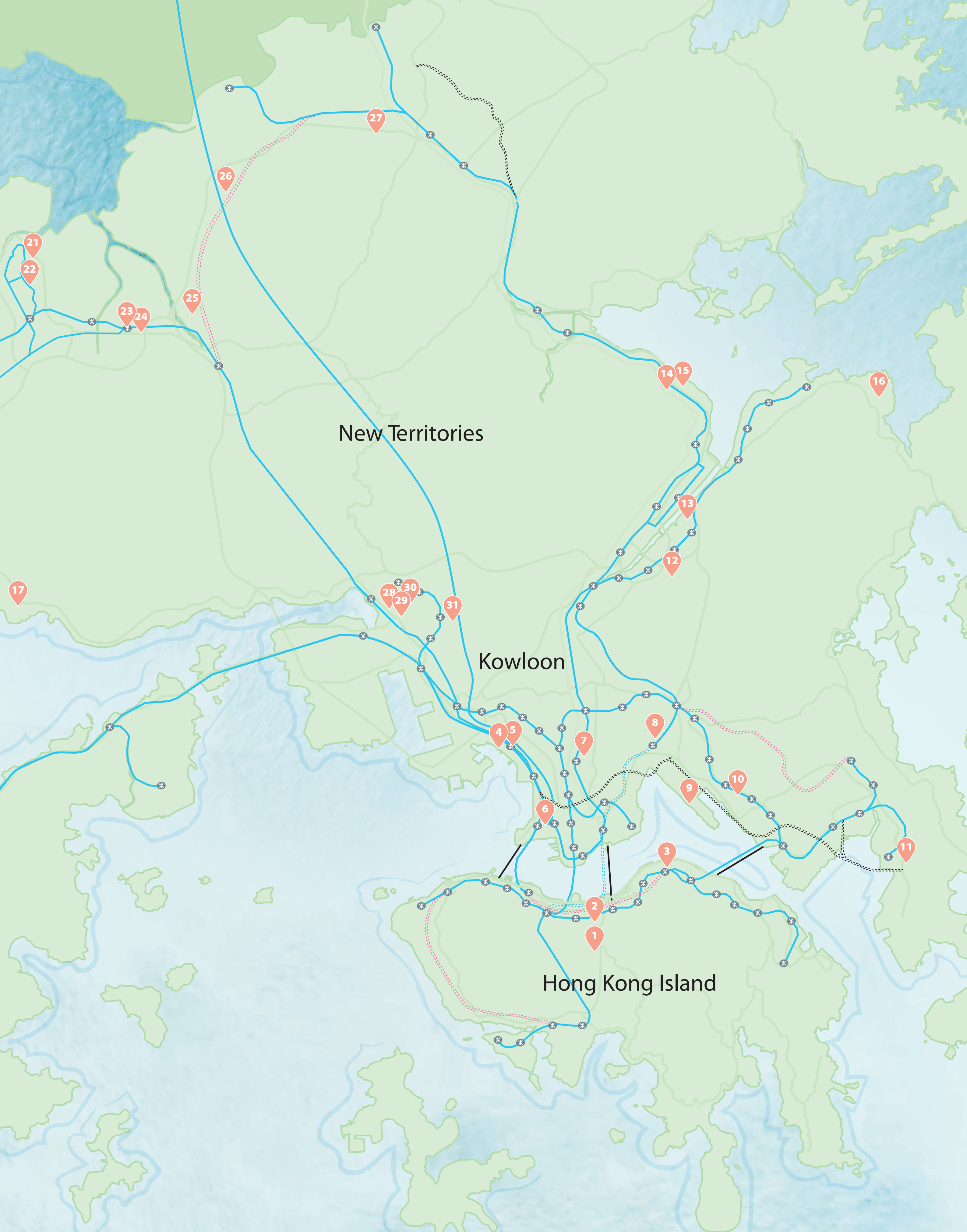
MTR (under construction)

MTR (potential future projects)

Cross-Harbour Tunnel

Major roads (under construction/future projects)

(1) *Including industrial/office premises, godowns and data centres*



New Territories
Kowloon
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Hong Kong Property Business

Property Investment

ICC, West Kowloon

Property Investment

○ *Harbour North, North Point*

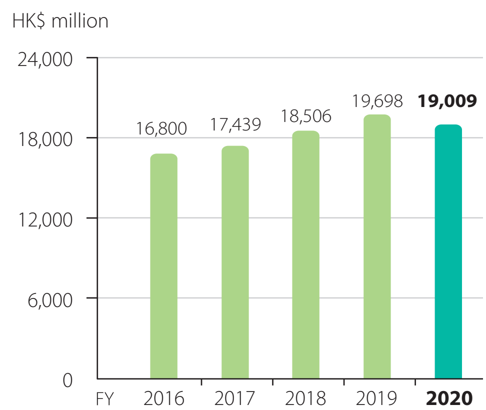
For the financial year under review, the Group's property investment portfolio in Hong Kong continued to provide a relatively stable source of recurring income. Nevertheless, the Group's retail portfolio was adversely affected by disruptions arising from local social incidents as well as the outbreak of the COVID-19 pandemic during the year. Gross rental income decreased by 4% year-on-year to HK$19,009 million, including contributions from joint-venture projects. The overall average occupancy edged down to around 92%.

Completed Properties

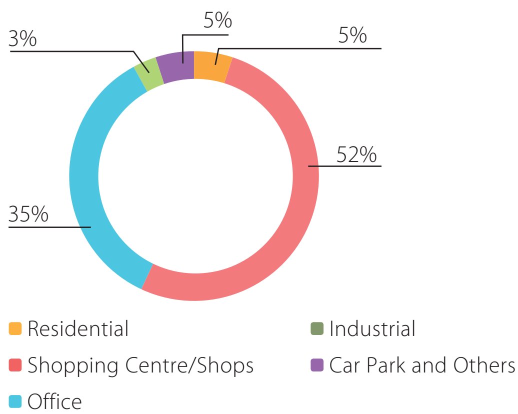
Shopping Centres

The operating environment of Hong Kong's retail sector has weakened since the second half of 2019 due to local social incidents and further deteriorated following the outbreak of COVID-19 in early 2020. The Group has a well-diversified retail portfolio of about 12 million square feet. Its overall occupancy edged down during the year, though remained relatively resilient. Rental revisions for new leases and renewals saw downward pressures. In light of the lingering pandemic, the Group has reinforced its commitment to offering shoppers, tenants, employees and the community an environment in which to work and shop with peace of mind. The Group's regional malls, with strong local focus, are well positioned to capture the recovery of domestic consumption as the epidemic in the city subsides.

Gross Rental Income in Hong Kong[1]



Gross Rental Income in Hong Kong by Sector[1]



(1) *Including contributions from associates and joint ventures*

IFC Mall, Central

YOHO Mall, Yuen Long

To manage the unprecedented challenges arising from the pandemic outbreak, the Group introduced smart technology during the year. Disinfection robots were deployed to sanitize public areas of the shopping malls. In addition to proactively helping tenants resolve issues, the Group provided rent concessions for most of its tenants for a number of months. The Group joined hands with its business units and tenants to launch a variety of promotions and privileges, including the setting up of special takeaway hotlines at its major malls. These moves supported tenants through the tough times, thus helping to protect employment in Hong Kong.

In collaboration with tenants, The Point by SHKP, a loyalty programme under the SHKP Malls App, enriched its offerings and added new smart functions with a better understanding of customers' needs and preferences. This also helped boost their appetite for shopping. During the year, the gross rental income of the Group's top 10 shopping malls amounted to over HK$6,400 million.

The Group's major shopping malls remained highly competitive and attractive in the industry. With its strategic and core location, distinctive marketing initiatives, and well-thought-out trade and tenant mix, IFC Mall stayed competitive in the fast-evolving retail landscape. The premium shopping mall serves a wide spectrum of customers, ranging from locals and overseas visitors to middle-class and high-net-worth individuals. In addition to regular promotions, the mall organized collaborative

APM, Kwun Tong

Property Investment

New Town Plaza, Sha Tin

V Walk, West Kowloon

marketing campaigns with its tenants during the pandemic, which significantly fostered customer engagement and encouraged spending. These activities, together with exclusive rebates for loyalty customers, have resulted in positive responses. During the year, IFC Mall achieved high occupancy.

A trend-setting mall in Kwun Tong with good connectivity to the MTR station, APM houses popular retailers and eateries, catering to the needs of the young generation. APM, which adjoins the Millennium City offices, has also become a popular destination for office workers. To enhance convenience for shoppers, extra facilities, such as storage lockers and mobile phone charging stations, were added to the mall. Together with the office-cum-retail development at 98 How Ming Street in Kwun Tong under development, the Group's presence in Kowloon East is expected to be further scaled up.

New Town Plaza in Sha Tin received a facelift and major upgrades in various parts of the mall with the gradual completion of renovation. Recording relatively stable occupancy, the mall presents a vibrant, energetic and modern look to shoppers, and continued to be the largest one-stop shopping destination in northeast New Territories. It houses enriched choices of brands and trades, including kids products and beauty services, together with YATA, a lifestyle Japanese department store, as one of the anchored tenants. To reinforce its position as a dining hotspot, the food and beverage tenant mix has been refined with the introduction of a greater variety of cuisines and specialty dining.

Tai Po Mega Mall, featuring a wide variety of retailers under the same roof, offers great shopping convenience to people residing in the neighbourhood, particularly those in Tai Po. Comprising five distinctive themed zones, the mall continued to achieve relatively high occupancy during the year. Through continuous refinement in the trade mix and the use of digital marketing, Tai Po Mega Mall has evolved as a lifestyle shopping destination, increasing its attractiveness to young families.

Serving the expanded catchment population with extra care, YOHO Mall in Yuen Long continues to enrich customer experience by strengthening its trade and tenant mix, attracting some tenants who are newcomers to the New Territories. Increased fashion and food and beverage offerings further lifted its appeal to shoppers, particularly young people. During the year, occupancy remained high. The scale of this mall is expected to be further enlarged upon completion of the retail portion at Yuen Long Station Development in 2023.

Nonetheless, shopping destinations for tourists such as Sun Arcade in Tsim Sha Tsui and Landmark North in Sheung Shui were adversely affected due to the almost-frozen cross-border traffic. The impact will continue to persist for a while as the timing on the full recovery of cross-border activities remains uncertain. With planned initiatives and promotional campaigns, the Group is well set for the future recovery of the tourism industry.

With the opening of Harbour North in North Point and V Walk atop MTR Nam Cheong Station during the year, the Group's retail portfolio has been further strengthened. Harbour North offers a brand new shopping, entertainment and leisure experience to residents and office workers in Island East. Capitalizing on the open space of its harbourfront location, the mall achieved an overwhelming response to its Cherry Blossom promotion in early 2020. V Walk houses a variety of trades of popular tenants, offering a greater variety of choices and selections to residents in the district. The mall is well connected to the nearby major residential developments via indoor walkway and bridges, bringing increasing vibrancy to the neighbourhood. Since its opening in July 2019, the mall's occupancy has stayed at a high level.

The Group recognizes the importance of embracing new technology to deliver unmatched customer experience in its shopping malls. Both contactless parking and auto payment parking services have increased convenience for shoppers at the Group's major malls including Metroplaza in Kwai Fong, Tsuen Wan Plaza, and East Point City in Tseung Kwan O. In addition, the Group continues to focus on its customer-centric marketing strategy along with proactive tenant and trade repositioning to enhance the value of its portfolio. Meanwhile, proactive asset enhancement initiatives at WTC More in Causeway Bay will commence to introduce a new shopping experience.

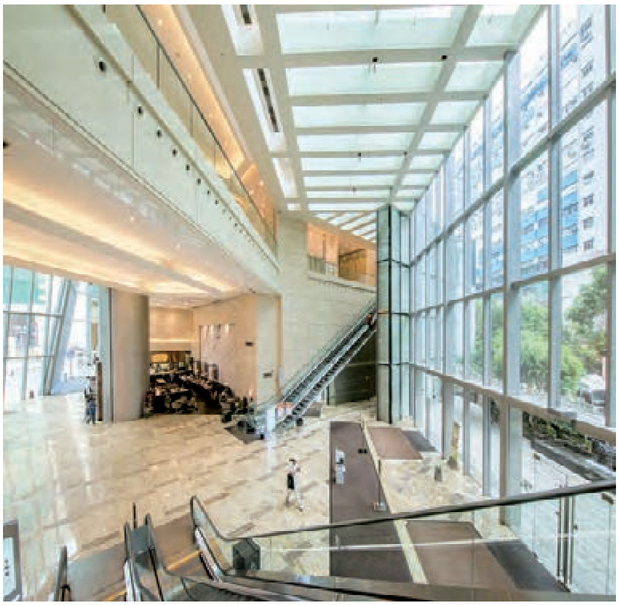
Offices

The uncertain global and local economic environment, particularly after the pandemic outbreak, has undermined leasing activity in the grade-A office market in Hong Kong. The city's solid position as an international financial and business hub, together with continuous development in the Greater Bay Area, continues to attract leading financial institutions, multinationals and mainland companies. This will continue to underpin the demand for quality office space over the long term.

Over the years the Group has established its trusted brand among office tenants who have been impressed by its quality office space, high specifications, comprehensive facilities and premium customer service. The Group's 10-million-square-foot premium office portfolio, mainly located at strategic and prime locations with mass transit connectivity and good transportation networks, has attracted tenants of a broad and diverse profile, including multinationals across a wide range of industries. The Group's attentive services and caring measures, particularly during the COVID-19 outbreak, provide a safe and comfortable working environment for tenants and visitors. During the year, its office portfolio continued to deliver stable performance with an overall average occupancy of 94%.

IFC, Central

Property Investment



Kowloon Commerce Centre, Kwai Chung

The IFC office towers, a bold icon in Central waterfront, have built a strong brand and remained the preferred choice of reputable and international companies. Closely integrating with the IFC mall and Four Seasons Hotel, and with an excellent transportation network, the premium office towers have always stood in the forefront of the office leasing market. Precautionary hygiene measures were proactively introduced by its property management services team and during the year the office towers continued to be virtually fully let with healthy rental levels.

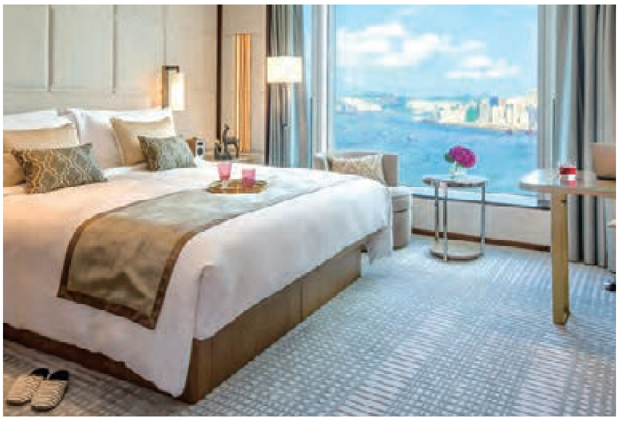
Sitting within the growing vibrant cultural hub in West Kowloon with an extensive transportation network, ICC is one of the most reputed landmarks in the city. Its top-quality office space with world-class standard specifications, together with premium management services, continued to draw the attention of many reputable tenants. Housing leading financial institutions, multinationals, and renowned mainland companies, ICC maintained a high level of occupancy. The lease renewal negotiation with an anchor tenant has been completed while corporations have shown keen interest in soon-to-be available space. ICC is set to synergize with the upcoming mega commercial project atop the High Speed Rail West Kowloon Terminus, further strengthening the Group's presence in the area.

The Group's Millennium City cluster in Kowloon East remains highly competitive in the district. Its single ownership with premium property management services, large floor plate and close proximity to MTR stations have always enticed and retained occupants. Various choices in terms of rental levels and floor plate size within the cluster also appeal to existing and new tenants. It also draws demand from growing industries, including insurers, notwithstanding intensified competition due to abundant supply in the district. Elsewhere, the Group's other premium offices across the territory, such as Sun Hung Kai Centre and Central Plaza in Wan Chai, Kowloon Commerce Centre and Grand Central Plaza in the New Territories, recorded satisfactory occupancies with stable and well-diversified tenants for the year.

Residential, Serviced Suites and Others

Signature Homes manages the Group's one million square feet of luxury residential units and about 700 serviced suites. Despite a soft leasing market under a challenging operating environment, Signature Homes continued to explore new initiatives, such as smart home solutions and further enhancement in premium customer services, to improve the competitiveness of its luxury residential portfolio. The occupancies at luxury serviced suites under Four Seasons Place in Central, The HarbourView Place in West Kowloon, and Vega Suites in Tseung Kwan O were significantly affected by the global travel restrictions.

Likewise, the Group's other property investments, including industrial buildings, godowns and car parking bays, were affected by the challenges arising from the economic slowdown and the pandemic.



Four Seasons Place, Central

The HarbourView Place, West Kowloon

Properties under Development

The Group's diversified property investment portfolio continues to expand with the completion of projects in the pipeline. The Group's presence in Kwun Tong will be further scaled up upon the full completion of the 98 How Ming Street office-cum-retail integrated project in 2023. Comprising a total of 650,000 square feet quality office space in twin towers and a 500,000-square-foot premium shopping mall, this joint-venture development (effective stake of about 69.8%) is set to become an ideal destination to work, play, shop and dine with excellent transportation connectivity. Superstructure of the retail podium is currently under way. Together with the existing Millennium City cluster, this development helps shape a vibrant and sustainable urban environment, contributing to a better community in Kowloon East.

Spanning about 107,000 square feet of retail space, the Yuen Long Station Development will become part of the existing YOHO Mall. With direct access to mass transit and the public transportation network, the enlarged complex will feature a wider range of shop categories and dining options. Superstructure of the retail podium is almost finished. Slated for completion in 2023, the entire development will become a flourishing destination in northwest New Territories for shopping and entertainment.

Looking ahead, the Group's recurring income will be further fuelled by key additions over the medium term. The iconic commercial project atop the High Speed Rail West Kowloon Terminus is one of the most anticipated integrated developments, providing about 2.8 million square feet of top class grade-A offices and an approximate 349,000 square feet of premium shopping space under the existing plan. Sitting within the vibrant West Kowloon Cultural District with comprehensive transportation networks that connect to other parts of the city and to mainland cities, the new development is set to attract renowned corporations from various industries. The introduction of two long-term strategic partners further solidifies the prospects of this project in the long run. Synergizing with the nearby ICC, it will help shape West Kowloon as one of the most important commercial hubs in the Greater Bay Area. Located in the core of Kai Tak, the shopping mall of the Group's integrated development will comprise over 200,000 square feet. With direct access to MTR Kai Tak Station, the retail podium will provide added convenience for residents of the project's luxury residential portion as well as shoppers in the neighbourhood.

Millennium City, Kwun Tong

Property Investment

Major Completed Properties in Hong Kong

Project	Location
Hong Kong Island	
One IFC / Two IFC / IFC Mall / Four Seasons Hotel Hong Kong / Four Seasons Place	1 Harbour View Street / 8 Finance Street, Central
Sun Hung Kai Centre	30 Harbour Road, Wan Chai
Central Plaza	18 Harbour Road, Wan Chai
World Trade Centre / WTC More	280 Gloucester Road, Causeway Bay
Hyatt Centric Victoria Harbour Hong Kong	1 North Point Estate Lane, North Point
Dynasty Court (Blocks 2 & 3)	23 Old Peak Road
Pacific View (Blocks 2 & 3)	38 Tai Tam Road
Chi Fu Landmark	Chi Fu Road, Pok Fu Lam
Kowloon	
ICC / Sky100 Hong Kong Observation Deck / The Ritz-Carlton, Hong Kong / W Hong Kong / The HarbourView Place	1 Austin Road West
Millennium City 1 (1)	388 Kwun Tong Road
Millennium City 2	378 Kwun Tong Road
Millennium City 5 / APM	418 Kwun Tong Road
Millennium City 6	392 Kwun Tong Road
Grand Century Place / MOKO / Royal Plaza Hotel	193 Prince Edward Road West, Mong Kok
V Walk	28 Sham Mong Road, West Kowloon
The Royal Garden	69 Mody Road, Tsim Sha Tsui
Kerry Hung Kai Godown	3 Fat Tseung Street, Cheung Sha Wan
APEC Plaza	49 Hoi Yuen Road, Kwun Tong
Mikiki	638 Prince Edward Road East, San Po Kong
The Sun Arcade	28 Canton Road, Tsim Sha Tsui
Peninsula Tower	538 Castle Peak Road, Cheung Sha Wan
Brill Plaza	82-84 To Kwa Wan Road
New Tech Plaza	34 Tai Yau Street, San Po Kong
26 Nathan Road	26 Nathan Road, Tsim Sha Tsui
New Territories	
New Town Plaza / New Town Tower / Royal Park Hotel	18 Shatin Centre Street / 2-8 Shatin Centre Street / 10-18 Pak Hok Ting Street / 8 Pak Hok Ting Street, Sha Tin
Grand Central Plaza / HomeSquare	138 Shatin Rural Committee Road, Sha Tin
Metroplaza	223 Hing Fong Road, Kwai Chung
YOHO Mall I	9 Yuen Lung Street / 9 Long Yat Road, Yuen Long
YOHO Mall II	8 Long Yat Road, Yuen Long
Crowne Plaza Hong Kong Kowloon East / Holiday Inn Express Hong Kong Kowloon East / Vega Suites	3 Tong Tak Street, Tseung Kwan O
PopCorn	9 Tong Yin Street, Tseung Kwan O
Tai Po Mega Mall	9 On Pong Road, Tai Po
Tsuen Wan Plaza	5-21 Pak Tin Par Street, Tsuen Wan
Kowloon Commerce Centre	51 Kwai Cheong Road, Kwai Chung
Life@KCC	72-76 Kwai Cheong Rood, Kwai Chung
Landmark North	39 Lung Sum Avenue, Sheung Shui
East Point City	8 Chung Wa Road, Tseung Kwan O
ALVA Hotel by Royal	1 Yuen Hong Street, Sha Tin
Royal View Hotel	353 Castle Peak Road, Ting Kau
V City	83 Tuen Mun Heung Sze Wui Road, Tuen Mun
PopWalk (Phases 1, 2 & 3) / Ocean PopWalk	12 Tong Chun Street / 19 Tong Yin Street / 19 Chi Shin Street / 28 Tong Chun Street, Tseung Kwan O
Citygate / Novotel Citygate Hong Kong Hotel	20 Tat Tung Road / 1 Tat Tung Road / 51 Man Tung Road, Tung Chung
Park Central	9 Tong Tak Street, Tseung Kwan O
Grand City Plaza	1-17 Sai Lau Kok Road, Tsuen Wan

(1) Including the attributable share in areas held by SUNeVision, in which the Group has a 73.8% interest

Lease Expiry	Group's Interest (%)	Attributable Gross Floor Area (square feet) Residential	Shopping Centre/Shops	Office	Hotel	Industrial	Total
2047	50	–	320,000	958,000	550,000	–	1,828,000
2127	100	–	53,000	851,000	–	–	904,000
2047	50	–	–	705,000	–	–	705,000
2842	100	–	280,000	232,000	–	–	512,000
2063	100	–	–	–	388,000	–	388,000
2886	100	341,000	–	–	–	–	341,000
2047	100	248,000	–	–	–	–	248,000
2126	100	–	172,000	–	–	–	172,000
2047	100	–	29,000	2,495,000	1,023,000	–	3,547,000
2047	100	–	27,000	896,000	–	–	923,000
2047	50	–	–	133,000	–	–	133,000
2052	100	–	598,000	308,000	–	–	906,000
2047	100	–	32,000	370,000	–	–	402,000
2047	100	–	725,000	475,000	400,000	–	1,600,000
2062	100	–	298,000	–	–	–	298,000
2127	100	–	–	–	295,000	–	295,000
2047	50	–	–	–	–	285,000	285,000
2047	100	–	–	–	–	240,000	240,000
2054	100	–	205,000	–	–	–	205,000
2047	100	–	205,000	–	–	–	205,000
2047	100	–	–	–	–	188,000	188,000
2099	100	–	–	–	–	183,000	183,000
2047	100	–	–	–	–	182,000	182,000
2039	100	–	53,000	124,000	–	–	177,000
2047	100	–	1,350,000	111,000	243,000	–	1,704,000
2047	100	–	310,000	431,000	–	–	741,000
2047	100	–	600,000	569,000	–	–	1,169,000
2054/2060	100	–	695,000	–	–	–	695,000
2047	87.5	–	245,000	–	–	–	245,000
2057	100	–	–	–	626,000	–	626,000
2057	50	–	108,000	–	–	–	108,000
2047	100	–	589,000	–	–	–	589,000
2047	100	–	583,000	–	–	–	583,000
2047	100	–	79,000	401,000	–	–	480,000
2047	100	–	100,000	–	–	–	100,000
2047	100	–	182,000	375,000	–	–	557,000
2047	100	–	415,000	–	–	–	415,000
2047	100	–	–	–	344,000	–	344,000
2047	100	–	–	–	310,000	–	310,000
2056	100	–	269,000	–	–	–	269,000
2060/2061/2062/2062	100	–	242,000	–	–	–	242,000
2047/2063	20	–	160,000	32,000	47,000	–	239,000
2047	57.52/25	–	195,000	–	–	–	195,000
2047	100	–	35,000	137,000	–	–	172,000

Property Investment

Major Completed Properties in Hong Kong

Residential · Shopping Centre/Shops · Office · Industrial · Hotel

District		Project Name	Usage
Hong Kong Island	1	Chi Fu Landmark	Shopping Centre/Shops
	2	Dynasty Court	Residential
	3	Four Seasons Hotel Hong Kong / Four Seasons Place	Hotel
	4	IFC / IFC Mall	Shopping Centre/Shops, Office
	5	Central Plaza	Office
	6	Sun Hung Kai Centre	Shopping Centre/Shops, Office
	7	World Trade Centre / WTC More	Shopping Centre/Shops, Office
	8	Hyatt Centric Victoria Harbour Hong Kong	Hotel
	9	Pacific View	Residential
Kowloon	10	ICC / The Ritz-Carlton, Hong Kong / W Hong Kong / The HarbourView Place / Sky100 Hong Kong Observation Deck	Shopping Centre/Shops, Office, Hotel
	11	The Sun Arcade	Shopping Centre/Shops
	12	26 Nathan Road	Shopping Centre/Shops, Office
	13	The Royal Garden	Hotel
	14	Peninsula Tower	Industrial
	15	Kerry Hung Kai Godown	Industrial
	16	V Walk	Shopping Centre/Shops
	17	Grand Century Place / MOKO / Royal Plaza Hotel	Shopping Centre/Shops, Office, Hotel
	18	Brill Plaza	Industrial
	19	Mikiki	Shopping Centre/Shops
	20	New Tech Plaza	Industrial
	21	Millennium City Phases 1, 2, 5 & 6 / APM	Shopping Centre/Shops, Office
	22	APEC Plaza	Industrial
New Territories East	23	Park Central	Shopping Centre/Shops
	24	PopWalk Phases 1, 2 & 3 / Ocean PopWalk	Shopping Centre/Shops
	25	PopCorn / Crowne Plaza Hong Kong Kowloon East / Holiday Inn Express Hong Kong Kowloon East / Vega Suites	Shopping Centre/Shops, Hotel
	26	East Point City	Shopping Centre/Shops
	27	Grand Central Plaza / HomeSquare	Shopping Centre/Shops, Office
	28	New Town Plaza / New Town Tower / Royal Park Hotel	Shopping Centre/Shops, Office, Hotel
	29	ALVA Hotel by Royal	Hotel
	30	Tai Po Mega Mall	Shopping Centre/Shops
	31	Landmark North	Shopping Centre/Shops, Office
New Territories West	32	V City	Shopping Centre/Shops
	33	YOHO Mall	Shopping Centre/Shops
	34	Royal View Hotel	Hotel
	35	Tsuen Wan Plaza	Shopping Centre/Shops
	36	Grand City Plaza	Shopping Centre/Shops, Office
	37	Metroplaza	Shopping Centre/Shops, Office
	38	Kowloon Commerce Centre / Life@KCC	Shopping Centre/Shops, Office
	39	Citygate / Novotel Citygate Hong Kong Hotel	Shopping Centre/Shops, Office, Hotel

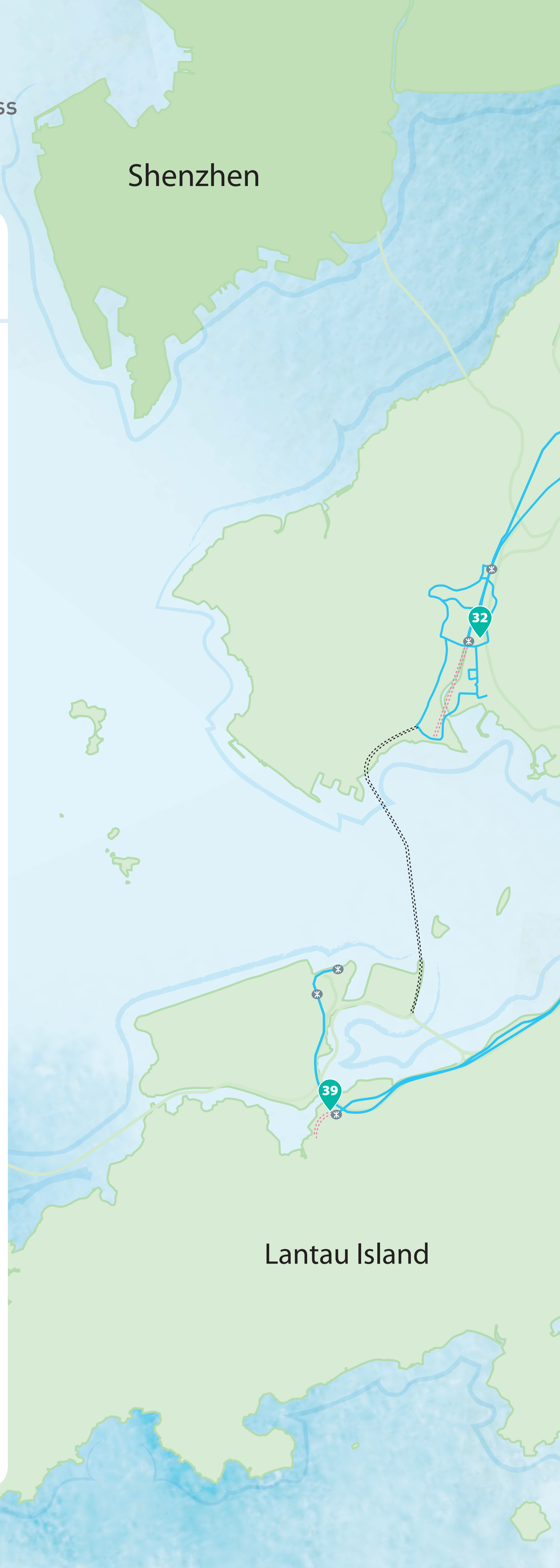
MTR

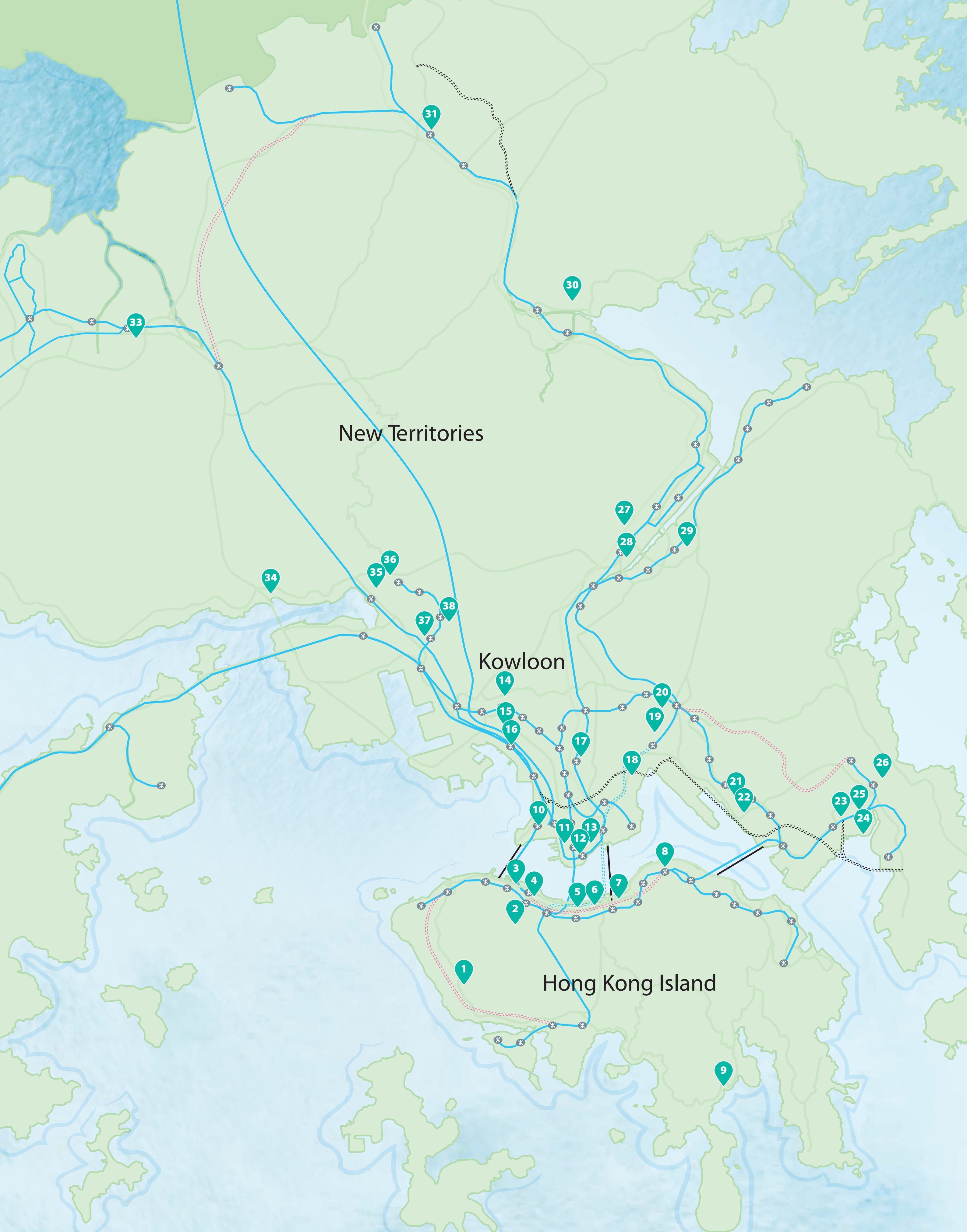
MTR (under construction)

MTR (potential future projects)

Cross-Harbour Tunnel

Major roads (under construction/future projects)




New Territories
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Hong Kong Island
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Mainland Property Business

Highlights

- **The Group held an attributable 53.6 million square feet of properties under development as at 30 June 2020**
- **Completed an attributable 1.4 million square feet of quality properties during the year**
- **Achieved attributable contracted sales of about RMB9,500 million**
- **Attained a net rental income of RMB3,308 million**
- **Maintained a selective investment strategy focusing on key cities**

Land Bank

During the year under review, the Group acquired two joint-venture sites in Qianjiang New Town CBD, Hangzhou. The two adjacent sites will be jointly developed into an iconic mixed-use complex, providing office, retail, residential, and hotel spaces totalling an above-ground floor area of about nine million square feet. The project will enjoy sweeping river views and efficient intra- and inter-city transportation. The Group has a 45% and 50% interest in the River East and River West sites of this project respectively.

As at 30 June 2020, the Group's total land bank on the mainland stood at 68.1 million square feet of attributable gross floor area. It comprised 14.5 million square feet of completed properties, of which the overwhelming majority were for rental and long-term investment purposes. Among the remaining 53.6 million square feet of properties under development, about 50% were quality residences for sale.

In terms of geographic distribution, over 50% of the properties under development are situated in Guangzhou and nearby cities and about 36% are integrated projects in the pipeline in Shanghai and Yangtze River Delta. Of the completed properties, about 55% were the Group's signature integrated developments in Shanghai while about 20% were premium office spaces and shopping malls in Beijing and Guangzhou.

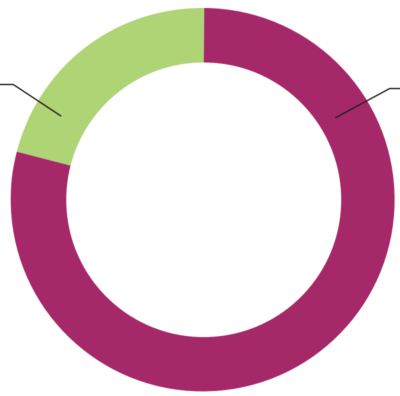
As at 30 June 2020, the Group's land bank on the mainland by attributable gross floor area was as follows:

Mainland Land Bank Composition

(68.1 million square feet of attributable gross floor area as at 30 June 2020)

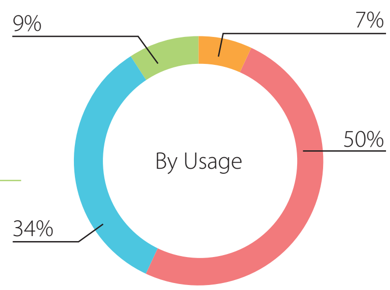
Completed Properties[(1)]
14.5 million sq.ft.
21%

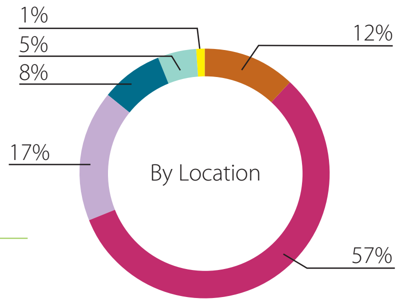
Properties Under Development
53.6 million sq.ft.
79%



Completed Properties

	Attributable Gross Floor Area (million sq.ft.)
Residential	1.0
Shopping Centre/Shops	7.3
Office	4.9
Hotel	1.3

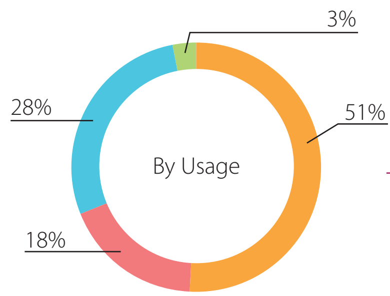


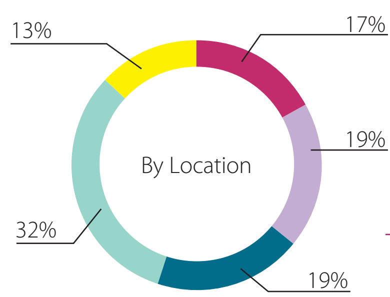


	Attributable Gross Floor Area (million sq.ft.)
Beijing	1.7
Shanghai	8.2
Other Yangtze River Delta Cities	2.4
Guangzhou	1.2
Other Pearl River Delta Cities	0.8
Chengdu	0.2

Properties Under Development

	Attributable Gross Floor Area (million sq.ft.)
Residential	27.1
Shopping Centre/Shops	9.9
Office	14.8
Hotel	1.8





	Attributable Gross Floor Area (million sq.ft.)
Shanghai	9.1
Other Yangtze River Delta Cities	10.4
Guangzhou	10.2
Other Pearl River Delta Cities	17.1
Chengdu	6.8

(1) An overwhelming majority are for rent/investment

Mainland Property Business
Property Development

One ITC, Shanghai

Nanjing IFC, Nanjing

Property Development

The outbreak of the COVID-19 pandemic caused serious disturbances to the mainland economy and property markets in the first quarter of 2020. Since the second quarter of 2020, the mainland residential market has seen a rebound from the pandemic shock, thanks to the effective containment measures on the mainland. Overall home prices remained stable on the back of solid end-user demand and the easing of credit conditions. Although property-related control measures have been rolled out recently in some selected cities, the land market has kept active since the second quarter of this year.

The Group achieved encouraging attributable contracted sales of about RMB9,500 million during the year under review. Major contributors included the wholly-owned luxury apartments in Phase 2B of Shanghai Arch, and quality units in several joint-venture projects such as Oriental Bund, Foshan and The Woodland, Zhongshan. The Group remains positive about the outlook for the mainland property market over the medium-to-long term and will continue with its selective and focused approach to exploring opportunities in major cities.

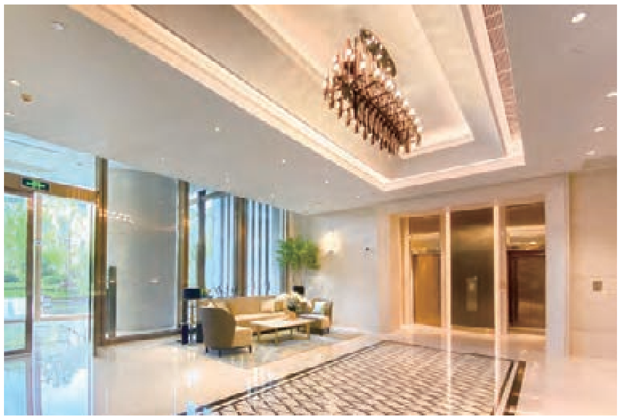
Major Projects under Development

Shanghai & Yangtze River Delta

ITC
Xuhui, Shanghai
(100% owned)

Prominently situated in the heart of Xujiahui, the 7.6-million-square-foot ITC development is set to become one of the most sought-after landmarks in Shanghai, fuelling business activity and enlivening Xujiahui upon its full completion scheduled for late 2023.

ITC, Shanghai



Shanghai Arch, Shanghai

Benefitting from a comprehensive inter- and intra-city transportation network, the project is adjacent to an interchange station for three existing metro lines and two future lines, and is about a 20-minute drive to Hongqiao Airport and Hongqiao Railway Station.

To be developed in three phases, the mega project comprises over four million square feet of top-grade offices, more than three million square feet of prime retail space and a luxury hotel. The first two phases of the project, boasting 490,000 square feet of premium office space and 380,000 square feet of luxury retail space, were completed by 2018. The grand luxury mall at One ITC highly impressed the market when it opened in late 2019. Two ITC was handed over to tenants in 2018. For the leasing performance of the two phases, please refer to pages 68 and 71.

The construction work of the last phase is progressing as planned. The remaining phase spanning 6.7 million square feet will comprise a world-class shopping mall, a prestigious hotel and grade-A office towers, including a 220-metre-tall office tower that is almost topped out and a 370-metre skyscraper that is set to redefine the city's skyline in Puxi upon completion. For further information, please refer to page 72.

Shanghai Arch
Pu Ming Road, Lujiazui, Shanghai
(100% owned)

Shanghai Arch, another masterpiece of the Group's well-recognized Arch series, represents a commitment to consistently delivering premium products along with attentive services to customers. Adjacent to Little Lujiazui with an efficient transport network, the project provides 1.7 million square feet of exquisitely designed residences with Huangpu River views as well as a beautiful urban skyline. Phase 1 of the project has been virtually sold out and delivered, comprising over 500,000 square feet. The 200,000-square-foot Phase 2A was completed in the first half of 2020.

Phase 2B comprises 175 luxury residential units in four towers along with several detached houses, spanning a total gross floor area of about 450,000 square feet. The 175 units were highly sought-after and virtually sold out quickly after they were launched in the first half of 2020. The phase is scheduled to be delivered in financial year 2020/21.

Development plans for the 467,000-square-foot Phase 3 are being finalized. This phase will consist of over 200 residential units in four towers and several detached houses.

TODTOWN, Shanghai

TODTOWN
Minhang, Shanghai
(35% owned)

Located in the vital transportation hub of Southwest Shanghai, the over four-million-square-foot transit-oriented development, TODTOWN, is built over the Xinzhuang Station, which is an interchange station for two existing metro lines and a future railway line. The integrated project comprises 1.9 million square feet of premium residences, 1.4 million square feet of classy shopping space, 500,000 square feet of quality offices and a hotel.

Offering superior traffic convenience and comprehensive amenities, the integrated complex is set to become a new landmark in the area. After completion, the project will transform the community into a verdant and energizing neighbourhood, featuring several artistic sky gardens with a lawn and jogging trails.

Composed of over 600,000 square feet of residences with about 360 units in three towers, Phase 1 of the project was virtually sold out and began to be delivered in September 2020. Having been topped out, Phase 2A of the project consists of some 470 quality apartments spanning over 800,000 square feet in two towers. These units are scheduled to be launched for sale by batches in financial year 2020/21. The remaining phases are under planning.

Jianghehui Project
Qianjiang New City CBD, Hangzhou
(50% for River West; 45% for River East)

The Jianghehui project is a mega integrated development prominently situated in the core area of Qianjiang New City CBD, Hangzhou. The two neighbouring riverside sites overlooking a large-scale central park will be jointly developed into a landmark complex with high-end office, retail, residential, and hotel spaces, providing a total above-ground gross floor area of about nine million square feet.

Sitting at the intersection of Qiantang River and Beijing-Hangzhou Grand Canal, the project boasts magnificent river views. It also commands a convenient location with direct connection to two metro stations under construction and about a 15-minute drive to Hangzhou East Railway Station, one of the city's major hubs of inter-city trains and High Speed Rail. The Hangzhou Olympic Sports Centre, the main venue of the 2022 Asian Games located at the opposite side of the Qiantang River, further strengthens the geographical advantage of the project.

The project is scheduled to be completed in phases starting from 2024. Site formation is under way.

Jianghehui Project, Hangzhou

Property Development

Suzhou Project
Yuanqu, Suzhou
(90% owned)

The 3.5-million-square-foot Suzhou project is composed of three developments, including Suzhou ICC, Lake Genève and Four Seasons Hotel Suzhou, like three shining pearls scattered around the iconic Jinji Lake.

The nearly two-million-square-foot Suzhou ICC is a magnificent mixed-use skyscraper standing approximately 300 metres tall on the eastern bank of Jinji Lake, the most prosperous business hub in the city. It boasts a convenient transportation network, within walking distance to two metro stations and about a 10-minute drive to the Shanghai-Suzhou express rail station. In addition to one-million-square-foot of premium office space and a 340,000-square-foot trendy shopping mall, the project will provide over 380 lake-view residential units spanning about 590,000 square feet, a majority of which will enjoy lake views. Superstructure work of the complex is progressing as expected.

The 930,000-square-foot Lake Genève on the southern bank is the low-density residential portion of the project. The 500,000-square-foot Phase 1 has been virtually sold out and delivered with high acclaim for its unrivalled lake views, meticulous design and luxury living style. The 270,000-square-foot Phase 2A will provide 74 exclusive detached houses, with construction work under way.

Adjacent to Lake Genève, a Four Seasons Hotel, the first in Jiangsu Province, is being developed, providing some 210 exclusive guestrooms. The luxury hotel will be a masterpiece that perfectly combines contemporary garden concept with modern business style. For further information on the hotel, please refer to page 79.

Lake Genève, Suzhou

Nanjing IFC, Nanjing

Nanjing IFC
Hexi CBD, Nanjing
(100% owned)

Situated in the Hexi central business district, the 3.4 million-square-foot iconic Nanjing IFC comprises two premium office towers, an upmarket shopping mall and a chic five-star hotel that will enjoy sweeping views of the Yangtze River and panoramic views of the central park. The project also boasts a convenient transportation network with seamless connection to an interchange station of two existing metro lines.

Nanjing One IFC, the 500,000-square-foot first office tower, was handed over in mid 2019, with its high specifications, comprehensive facilities and premium management services having created a high-quality, comfortable work environment for tenants. For its leasing performance, please refer to page 71.

Nanjing Two IFC, the second office tower with a gross floor area of 1.5 million square feet, is scheduled to be completed in the second half of 2020. The upscale boutique hotel Andaz Nanjing is undergoing interior decoration work. The project also includes a one-million-square-foot-plus luxury shopping mall. Please refer to pages 72 and 79 for further information on the office portion, retail portion and hotel of Nanjing IFC.

Park Royale, Guangzhou

Guangzhou & Pearl River Delta

Park Royale
Huadu, Guangzhou
(100% owned)

Park Royale is a signature large-scale residential development in Huadu, Guangzhou, providing over eight million square feet of quality living space with spectacular views of Hong Xiuquan Reservoir and Wangzi Mountain Forest Park. Phase 1 and Phase 2A of the project were virtually sold out and handed over to buyers before 2018, consisting of a total gross floor area of three million square feet.

In June 2020, the virtually-sold-out Phase 2B was delivered with high praise for its superior building quality and lush landscape. This phase provides over 1,000 waterfront residential units in six towers with a total gross floor area of 1.2 million square feet.

Construction work of Phase 3A is scheduled to commence in the fourth quarter of 2020. The phase will provide over 1,000 residential units in six towers with first-line views of the reservoir, spanning a total gross floor area of one million square feet.

Qingsheng Project
Nansha, Guangzhou
(100% owned)

The transit-oriented development in Qingsheng is a mixed-use project strategically located in Nansha, Guangzhou, with seamless connection to an interchange station of the High Speed Rail and a metro line. The project's transportation network has further improved after the completion of Nansha Bridge last year.

Benefitting from the Greater Bay Area development plan and China (Guangdong) Pilot Free Trade Zone, the project will contribute to the development of Nansha as a strategic spot as a transportation hub and for technology innovation in the Greater Bay Area. The project is expected to have synergy with the nearby campus of a renowned university from Hong Kong under construction.

The three-million-square-foot-plus integrated project will provide quality office and retail spaces, of which about one-fourth will be developed into a modern shopping mall. Foundation work of the project has commenced.

Oriental Bund
Chancheng, Foshan
(50% owned)

Oriental Bund is a large-scale integrated development located in urban Foshan, providing resourceful facilities to its residents including a kindergarten, an elementary school and trendy retail space. With easy access to Guangzhou via the Guangfo metro line, the 30-million-square-foot riverside project, within the one-hour commuting radius of Guangzhou, benefitted from the integration of Guangzhou and Foshan.

The first two phases of the project were virtually sold out and delivered before August 2019, providing over 5,000 units with a total gross floor area of 6.3 million square feet.

Oriental Bund, Foshan

Property Development

With a combined gross floor area of 870,000 square feet, the nearly 2,100 units of Phase 3A and 3B have been launched in batches since late 2018 with satisfactory response. The 775 quality residential units of Phase 3C, totalling a gross floor area of over 930,000 square feet, have been sold out quickly after they were put on the market in batches, starting in early 2019. Having been topped out, Phase 3A is expected to be delivered in financial year 2020/21 while Phase 3B and 3C will be handed over in financial year 2021/22. These units will enjoy first-line views of Dongping River. Phase 4A and Phase 4B cover a combined gross floor area of 1.7 million square feet, providing a total of over 2,600 residential units. These units are being put on the market in batches with positive response.

Phase 5, a brand new phase, will provide a total gross floor area of over 2.5 million square feet in 13 residential towers, with the first tower expected to be launched in early 2021.

The Woodland
Zhongshan 5 Road, Zhongshan
(Joint venture)

The over five-million-square-foot Woodland is a signature residential development situated in the very heart of Zhongshan. The project benefits from the increasingly mature intercity transportation network in the Greater Bay Area, including the completed Hong Kong-Zhuhai-Macau Bridge and the Shenzhen-Zhongshan Bridge under construction.

The first four phases of the project were virtually sold out and delivered before 2017, providing a total gross floor area of about four million square feet. These units have set a new standard for quality living in Zhongshan, combining modern living with the vibrant downtown.

The Woodland, Zhongshan

Grand Waterfront, Dongguan

Phase 5A of the project comprises over 460 units in six residential towers, providing a gross floor area of about 714,000 square feet and some retail shops. These residential units have been virtually sold out with delivery starting in July 2020. A majority of these units allow residents to nip out for a breath of fresh air to luxuriate in the natural beauty of Zimaling Park.

Basement work has begun for Phase 5B. The phase comprises over 580 units in five residential towers totalling a gross floor area of about 680,000 square feet and a number of shops. The Group plans to launch these units in batches in 2021.

Grand Waterfront
Shilong, Dongguan
(100% owned)

Situated in the centre of Shilong Town, Dongguan, Grand Waterfront is a large-scale residential development that features 4.5 million square feet of quality residences with wide and tranquil river views of Dongjiang and Shahe. The 800-metre-long green belt promenade along the riverside adds splashes of green to the community.

The first two phases, with a combined gross floor area of over 1.8 million square feet, were virtually sold out and delivered to buyers before 2018. These units won high acclaim from buyers for their impressive design and building quality.

Enjoying panoramic river views, Phase 3A comprises over 550 units in three residential towers with a total gross floor area of over 550,000 square feet. The Group plans to launch these units in financial year 2020/21. Superstructure work of this phase is progressing as scheduled.

Other Cities

Jovo Town
Tianfu New Area, Chengdu
(91% owned)

Jovo Town is a signature residential development located in the state-level Tianfu New Area, providing over 4,000 units with a total gross floor area of 6.8 million square feet. As a pioneering project that has set the standard for modern living in the area, the project boasts easy access to resourceful facilities such as an exhibition-and-convention centre and an ocean park. The project is within a five-minute walking distance to an interchange station of an existing metro line and a new metro line connecting the Tianfu International Airport. Both the new metro line and the new airport are scheduled to be put into operation in 2021.

The nearly 2,800 units of the first two phases were virtually sold out and delivered before 2017, providing a total gross floor area of 4.5 million square feet. Buyers were impressed by the outstanding building quality, human-centred design, lush landscapes and superior management services. Phase 3A of the project will provide over 900 units with a total gross floor area of over 1.3 million square feet. This phase has been topped out.

Jovo Town, Chengdu

Chengdu ICC, Chengdu

Chengdu ICC
Jinjiang, Chengdu
(40% owned)

Chengdu ICC enjoys a convenient location, sitting atop an interchange station of two metro lines and within a 10-minute drive to the Chengdu East Rail Station. Upon full completion, the 14-million-square-foot mega project is expected to introduce a brand new development to Jinjiang District that appeals to high-end businesses and trendy brand retailers while offering a unique shopping, entertainment and leisure experience for residents and visitors. The project consists of over seven million square feet of quality residences, four million square feet of office space, close to two million square feet of retail space and a five-star hotel.

Previous phases of the project were virtually sold out and delivered before mid 2018, offering a combined gross floor area of about 2.3 million square feet of residences.

Construction work for the upcoming phases is progressing as planned. The twin residential towers of Phase 2B offer some 1,100 units with a total gross floor area of about one million square feet. Phase 3 of the development will house a 1.2-million-squre-foot shopping mall while Phase 4 will have two office towers with a total gross floor area of about 2.3 million square feet. Their preliminary marketing activities have begun. For further information on the shopping mall, please refer to page 73.

Property Development

Major Projects Under Development on the Mainland by Year of Completion

Project	Project Name	City
Scheduled for Completion in FY2020/21		
Pu Ming Road Project Phase 2B	Shanghai Arch	Shanghai
Minhang Project Phase 1	TODTOWN	Shanghai
Suzhou Project Phase 2A	Lake Genève	Suzhou
Hexi CBD Project Phase 1B	Nanjing IFC	Nanjing
Chancheng Project Phase 3A	Oriental Bund	Foshan
Zhongshan 5 Road Project Phase 5A	The Woodland	Zhongshan
Dongda Avenue Project Phases 2B & 2C & 3	Chengdu ICC	Chengdu
Year Total:		
Scheduled for Completion in FY2021/22		
Xujiahui Centre Project Phase 3A	ITC	Shanghai
Suzhou Project Phase 3A	Four Seasons Hotel Suzhou	Suzhou
Hexi CBD Project Phases 2A & 2B	Nanjing IFC/Andaz Nanjing	Nanjing
Chancheng Project Phases 3B & 3C & 4A	Oriental Bund	Foshan
Dongda Avenue Project Phase 4A	Chengdu ICC	Chengdu
Shuangliu District Project Phase 3A	Jovo Town	Chengdu
Year Total:		
Scheduled for Completion in FY2022/23		
Suzhou Project Phase 4	Suzhou ICC	Suzhou
Shilong Project Phases 3A & 3B	Grand Waterfront	Dongguan
Dongda Avenue Project Phase 4B	Chengdu ICC	Chengdu
Chancheng Project Phases 4B & 5	Oriental Bund	Foshan
Year Total:		
Major Projects Scheduled for Completion in FY2023/24 or Beyond		
Pu Ming Road Project remaining phases	Shanghai Arch	Shanghai
Minhang Project remaining phases	TODTOWN	Shanghai
Xujiahui Centre Project remaining phases	ITC	Shanghai
Taihu New City Project remaining phases	Taihu International Community	Wuxi
Suzhou Project remaining phases		Suzhou
Hangzhou Jianghehui Project (2)		Hangzhou
Shiling Project remaining phases	Park Royale	Guangzhou
Dragon Lake Project remaining phases	Lake Dragon	Guangzhou
Nansha Qingsheng Project (2)		Guangzhou
Chancheng Project remaining phases	Oriental Bund	Foshan
Zhongshan 5 Road Project remaining phases	The Woodland	Zhongshan
Shilong Project remaining phases	Grand Waterfront	Dongguan
Shuangliu District Project remaining phases	Jovo Town	Chengdu
Dongda Avenue Project remaining phases	Chengdu ICC	Chengdu
Total for Major Projects to be Completed in FY2023/24 or Beyond:		

(1) Gross floor area including basement retail area; Residential area including serviced apartments
(2) Gross floor area distribution may change as the development plan has yet to be finalized
(3) The Group has a 45% and 50% interest in the River East and River West sites respectively

		Attributable Gross Floor Area (square feet)[1]			
Group's Interest (%)	Residential	Shopping Centre/Shops	Office	Hotel	Total
100	447,000	–	–	–	447,000
35	214,000	–	–	–	214,000
90	246,000	–	–	–	246,000
100	–	–	1,495,000	–	1,495,000
50	136,000	–	–	–	136,000
JV	714,000	59,000	–	–	773,000
40	395,000	549,000	–	–	944,000
	2,152,000	**608,000**	**1,495,000**	**–**	**4,255,000**
100	–	–	1,162,000	–	1,162,000
90	–	–	–	291,000	291,000
100	–	1,083,000	–	344,000	1,427,000
50	988,000	8,000	–	–	996,000
40	–	–	395,000	–	395,000
91	1,242,000	–	–	–	1,242,000
	2,230,000	**1,091,000**	**1,557,000**	**635,000**	**5,513,000**
90	530,000	–	–	–	530,000
100	1,103,000	–	–	–	1,103,000
40	–	–	518,000	–	518,000
50	1,921,000	–	–	–	1,921,000
	3,554,000	**–**	**518,000**	**–**	**4,072,000**
100	467,000	21,000	–	–	488,000
35	445,000	502,000	189,000	75,000	1,211,000
100	–	2,670,000	2,609,000	269,000	5,548,000
40	–	–	162,000	143,000	305,000
90	145,000	308,000	917,000	200,000	1,570,000
JV[3]	736,000	1,069,000	2,480,000	199,000	4,484,000
100	4,491,000	75,000	–	–	4,566,000
60	2,500,000	–	–	–	2,500,000
100	–	861,000	2,401,000	–	3,262,000
50	5,685,000	1,412,000	1,676,000	109,000	8,882,000
JV	722,000	79,000	–	–	801,000
100	1,507,000	69,000	–	–	1,576,000
91	802,000	46,000	–	–	848,000
40	1,789,000	143,000	589,000	147,000	2,668,000
	19,289,000	**7,255,000**	**11,023,000**	**1,142,000**	**38,709,000**

Property Development

Major Mainland Projects

- Residential
- Shopping Centre/Shops
- Office
- Hotel

City		Project Name	Usage
Major Completed Properties			
Beijing	1	Beijing APM / Sun Dong An Office Tower	Shopping Centre/Shops, Office
	2	New Town Plaza	Shopping Centre/Shops
SHANGHAI & YANGTZE RIVER DELTA			
Shanghai	3	Arcadia	Residential, Shopping Centre/Shops
	4	Shanghai IFC / Shanghai IFC Mall / The Ritz-Carlton Shanghai, Pudong / IFC Residence	Shopping Centre/Shops, Office, Hotel
	5	Shanghai ICC / IAPM	Shopping Centre/Shops, Office
	6	Shanghai Central Plaza	Shopping Centre/Shops, Office
	7	One ITC / Two ITC	Shopping Centre/Shops, Office
Nanjing	8	Nanjing One IFC	Office
Hangzhou	9	Hangzhou MIXC / Park Hyatt Hangzhou	Shopping Centre/Shops, Office, Hotel
Wuxi	10	Wuxi MIXC	Shopping Centre/Shops
GUANGZHOU & PEARL RIVER DELTA			
Guangzhou	11	Parc Central	Shopping Centre/Shops
	12	IGC / Conrad Guangzhou	Shopping Centre/Shops, Hotel
Foshan	13	Nanhai Plaza	Shopping Centre/Shops

City		Project Name	Usage
Major Properties Under Development			
SHANGHAI & YANGTZE RIVER DELTA			
Shanghai	14	Shanghai Arch	Residential, Shopping Centre/Shops
	15	TODTOWN	Residential, Shopping Centre/Shops, Office, Hotel
	16	ITC	Shopping Centre/Shops, Office, Hotel
Suzhou	17	Suzhou Project	Residential, Shopping Centre/Shops, Office, Hotel
Wuxi	18	Taihu International Community	Office, Hotel
Nanjing	19	Nanjing IFC	Shopping Centre/Shops, Office, Hotel
Hangzhou	20	Jianghehui Project	Residential, Shopping Centre/Shops, Office, Hotel
GUANGZHOU & PEARL RIVER DELTA			
Guangzhou	21	Park Royale	Residential, Shopping Centre/Shops
	22	Lake Dragon	Residential
	23	Nansha Qingsheng Project	Shopping Centre/Shops, Office
Foshan	24	Oriental Bund	Residential, Shopping Centre/Shops, Office, Hotel
Dongguan	25	Grand Waterfront	Residential, Shopping Centre/Shops
Zhongshan	26	The Woodland	Residential, Shopping Centre/Shops
OTHER CITIES			
Chengdu	27	Jovo Town	Residential, Shopping Centre/Shops
	28	Chengdu ICC	Residential, Shopping Centre/Shops, Office, Hotel


Inner Ring Road
Shanghai
Huangpu River
Beijing
Wuxi
Nanjing
Chengdu
Suzhou
Shanghai
Hangzhou
Guangzhou &
Pearl River Delta
Guangzhou
Foshan
Dongguan
Zhongshan
Shenzhen
Hong Kong
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Mainland Property Business

Property Investment

Shanghai IFC, Shanghai

Property Investment

Shanghai IFC Mall, Shanghai

Totalling around 14 million square feet in attributable terms as at the end of June 2020, the Group's completed properties for investment on the mainland are mainly located at prime areas in major cities, including Shanghai, Beijing and Guangzhou. Gross rental income from the mainland increased 2% to RMB4,166 million while net rental income edged up by 1% to RMB3,308 million for the year under review, including contributions from joint-venture developments. The performance was mainly affected by rent concessions granted for a number of months to a majority of the Group's retail tenants to help them cope with the short-term economic headwinds amid the pandemic.

One ITC, Shanghai

Completed Properties

Shopping Centres

Over the years, the Group has built a premium retail property portfolio comprising over seven million square feet in prime cities on the mainland. Since early 2020, the performance of the Group's malls was inevitably affected by city-specific containment measures due to the pandemic. The government's initiatives to encourage consumer spending and resumption of work since March have however led to a significant recovery of tenant sales and footfall in selected malls.

With their advantageous market position in Shanghai, the Group's malls in the city have been further strengthened with the soft opening of the One ITC mall in December 2019, which boasts a gross floor area of 340,000 square feet. With high committed occupancy, the grand luxury mall houses over 130 international brands, more than half of which are making their debut in the Xujiahui business district. The 180-metre street front showcases many global flagship stores offering creative concepts and products. The recent opening of a luxury brand women's concept store, which is also new to Shanghai, has received an overwhelmingly positive response from shoppers. In addition, the mall comprises open space with different themes to offer shoppers a relaxing and leisurely shopping experience. Featuring an array of popular all-day dining and cafes, the 43,000-square-foot Two ITC mall is scheduled to open soon. Construction work of the footbridge linking Two ITC and the remaining phase is expected to commence shortly,

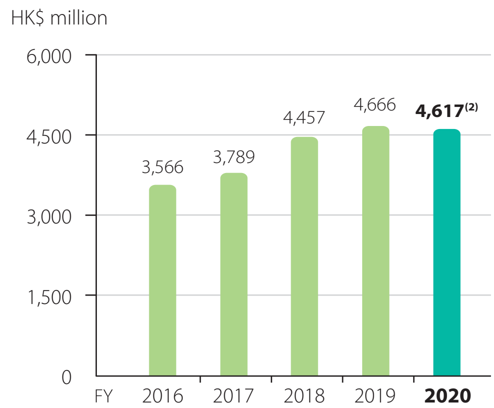
IAPM, Shanghai

providing added convenience for shoppers and tenants. Please refer to page 56 for more details of the project's development mix, page 71 for the office space at the first two phases, and page 72 for the remaining phase of ITC.

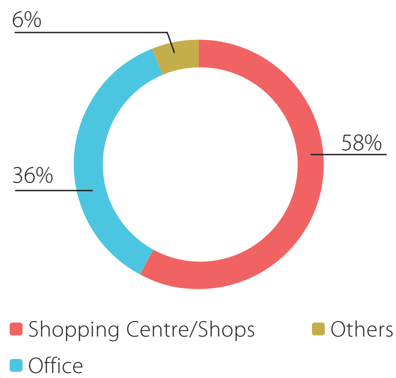
During the year, Shanghai IFC Mall, a luxury shopping spot within the Shanghai IFC integrated development, recorded high occupancy despite a short-term disruption to its sales due to the pandemic. Housing over 250 top-tier international retailers and global flagship stores, the mall has become a favourite shopping destination for luxury products. With the gradual easing of containment measures since March 2020, the mall saw a significant rebound in tenant sales. To appeal to high-end shoppers, the mall's tenant mix was enhanced with the introduction of new Michelin-star restaurants, sought-after cafes and a renowned global cosmetics chain. The commissioning of an additional metro line next year will further improve the accessibility of the mall, which has a direct linkage to Lujiazui metro station. Please refer to page 71 for more details of offices at Shanghai IFC.

IAPM within the Shanghai ICC complex enjoys a superior location along Middle Huaihai Road, which is a traditional commercial hub in Puxi. During the year, the mall continued to refine its tenant mix, bringing in trendy luxury flagships, a renowned global cosmetics chain and additional pop-up stores of luxury brands as well as popular retails and coffee stores to offer enriched product selections for shoppers. Occupancy of the mall remained stable during the year. Similar to the Group's other malls in Shanghai, IAPM incorporated new technology in promotional events to engage customers and enhance shopping experience. A particular focus was put on staying

Gross Rental Income on the Mainland[1]



Gross Rental Income on the Mainland by Sector[1]



(1) *Including contributions from associates and joint ventures*
(2) *Gross rental income in terms of RMB amounted to RMB4,166 million*

Beijing APM, Beijing

Property Investment

IGC, Guangzhou

connected with millennials and Generation Z through innovative digital marketing campaigns in collaboration with online celebrities. In addition, the mall leveraged popular social media platforms to draw traffic while a series of events were arranged to promote worthwhile community causes. Please refer to page 71 for more details of offices at Shanghai ICC.

The Group operates two joint-venture malls in Guangzhou, namely Parc Central in Tianhe and IGC in the Zhujiang New Town. Capitalizing on its open parkland environment, Parc Central has staged a series of creative and themed promotional campaigns over the past few months, resulting in a quick rebound in tenant sales and footfall to pre-epidemic levels. The mall achieved high occupancy during the year. IGC is the shopping mall of the integrated project Tianhui Plaza, surrounded by grade-A offices and high-end residences in the area. By introducing more trendy labels, which are newcomers in the city, the mall has enriched its contemporary luxury and beauty zones to cater for executives, business travellers and local families. Occupancy at IGC edged up during the year.

Located in the core of Wangfujing commercial district, Beijing APM mall has introduced more global flagship stores of renowned sports and cosmetics brands to upgrade its brand variety. To offer customers a relaxing shopping environment, a greening project was recently completed. Representing the Group's another commercial project in Beijing, New Town Plaza opened in July 2019, appealing to young locals as a fresh shopping destination with a trendy trade mix and popular eateries. While traffic and tenant sales of the two malls have been affected by stringent pandemic containment measures in Beijing, joint promotions were arranged to attract shoppers through an integrated loyalty programme. Please refer to page 71 for details of the Sun Dong An office tower atop Beijing APM.

Offices

The grade-A office market in major cities on the mainland continued to be competitive amid uncertainties arising from the pandemic and slower local economic growth. Nonetheless, the Group's premium offices of around five million square feet on the mainland, distinguished by their prime locations and outstanding quality, remained the preferred choices for multinationals and mainland corporates thanks to heightened

Parc Central, Guangzhou

Two ITC, Shanghai

hygiene standards and measures as well as premium property management.

Located atop an interchange station serving two metro lines at Hexi CBD in Nanjing, Nanjing IFC enjoys great transportation convenience. For details of the development mix of Nanjing IFC, please refer to page 58. Comprising two million square feet of gross floor area, the two office towers are designed with efficient layouts to cater to the needs of tenants for a spacious environment. Completed in mid 2019, Nanjing One IFC saw tenants gradually moving in with committed occupancy steadily increasing to around 70%. Major new tenants recruited during the year included notable mainland corporates and financial institutions. For details of its remaining phases, please refer to page 72.

Located in the core of Xujiahui business hub in Shanghai, the offices at ITC feature high specification facilities and management services that offer a safe, comfortable and reliable work environment for tenants. Offices at One ITC and Two ITC boast a combined gross floor area of 490,000 square feet and are fully let. Housing international and domestic companies, One ITC attracted a reputable mainland insurer to move in during the year, while Two ITC has been wholly leased by a renowned sports brand, serving as its Asia-Pacific head office. Please refer to page 56 for more details of the project's development mix, page 68 for more details of the retail space at the first two phases, and page 72 for the remaining phase of ITC.

Representing the Group's debut integrated complex in Little Lujiazui, Shanghai IFC comprises two grade-A office towers, Shanghai IFC Mall, IFC Residence serviced suites and The Ritz-Carlton Shanghai, Pudong. As one of the landmarks in Shanghai, the office towers are home to tenants mainly from reputable financial institutions, banks and professional firms. Despite keen competition, the Group's attributable office space at Shanghai IFC achieved an average occupancy of about 95%, thanks to its building quality, prime locations and comprehensive amenities within the integrated complex. For more details of Shanghai IFC Mall, please refer to page 69.

Located in the heart of Puxi commercial and retail zone at the convergence of three metro lines, Shanghai ICC is the Group's iconic integrated development containing grade-A office towers, IAPM Mall and the deluxe Shanghai Cullinan residences. Housing leading multinationals from diverse industries, the two office towers at Shanghai ICC registered satisfactory rental performance during the year. The vacant space at One ICC following the relocation of one of its major tenants to Two ITC has been largely taken up by several renowned multinationals and professional firms. For more details of Shanghai IAPM, please refer to page 69.

During the year, occupancy at Sun Dong An Office Tower in Beijing's prime commercial district was affected by softened office demand in Beijing. To further elevate its competitiveness, the commencement of renovation at Sun Dong An Office Tower has been tentatively scheduled for mid 2021. Please refer to page 70 for details of Beijing APM.

Properties under Development

Located at prime areas in major cities, a number of integrated projects in the pipeline, covering around 12 million square feet of attributable gross floor area, are scheduled for completion in the next four financial years, almost equivalent to the size of the

Shanghai ICC, Shanghai

Property Investment

Major Completed Property Investment on the Mainland

Project	Location	Lease Expiry	Group's Interest (%)
Beijing			
Beijing APM / Sun Dong An Office Tower	138 Wangfujing Dajie	2043	JV
New Town Plaza	Building 18, Fangguyuan Zone 1, Fangzhuang	2033	100
Shanghai & Yangtze River Delta			
Shanghai IFC / Shanghai IFC Mall / The Ritz-Carlton Shanghai, Pudong / IFC Residence	8 Century Avenue, Lujiazui, Shanghai	2054	100
Shanghai ICC / IAPM	999 Middle Huaihai Road, Shanghai	2056	100
One ITC	1901 Huashan Road, Shanghai	2054	100
Two ITC	160 Gongcheng Road, Shanghai	2054/2064	100
Shanghai Central Plaza	381 Middle Huaihai Road, Shanghai	2044	80
Arcadia	88 Guang Yuan Xi Road, Shanghai	2064	100
Nanjing One IFC	347 Jiangdong Middle Road, Nanjing	2048	100
Hangzhou MIXC / Park Hyatt Hangzhou	Qianjiang New City, Hangzhou	2046	40
Wuxi MIXC	Taihu New City, Wuxi	2045	40
Guangzhou & Pearl River Delta			
Parc Central	218 Tianhe Road, Guangzhou	2050	50
IGC / Conrad Guangzhou	222 Xingmin Road, Guangzhou	2051	33.3
Nanhai Plaza	Nanhai Avenue, Foshan	2045	100

current portfolio. Upon completion, these projects will serve as important sources of the Group's rental income on the mainland.

In line with the Group's pursuit of quality excellence, ITC in Shanghai is set to become one of the most sought-after landmarks in the city. Located in the core of Xujiahui, the wholly-owned ITC spans a total gross floor area of 7.6 million square feet, which is around the total size of Shanghai IFC and Shanghai ICC. For details of the development mix of ITC in Shanghai, please refer to page 56. Construction work of its remaining phase is in full swing and the entire phase is expected to be completed in late 2023. Supported by a direct connection to Xujiahui metro station, the 2.5-million-square-foot mall in the last phase will provide an all-weather and fresh shopping experience, boasting an array of renowned retailers, al fresco dining and appealing entertainment facilities. Among its office clusters under development, the 220-metre-tall office tower is almost topped out and is expected to be completed in the first quarter of 2022 while superstructure construction is under way at the 370-metre tall office tower. These two premium office towers and the mega mall underneath will represent the most conspicuous part of the entire project. To ensure its hygiene standards, the project utilizes advanced antimicrobial technology for escalators as well as enhanced air circulation system and UV sterilizers. Please refer to pages 68 and 71 for more details of the retail and office portions of the first two phases at ITC respectively.

Comprising a total gross floor area of 3.4 million square feet, Nanjing IFC is built with attention to detail and boasts shimmering facades. For details of the development mix of Nanjing IFC, please refer to page 58. Slated for completion in the second half of 2020, the remaining office tower, the 290-metre tall Nanjing Two IFC of about 1.5 million square feet of office space, is undergoing internal decoration. Pre-leasing has received positive responses from noted multinationals, including global insurers and a leading mainland technology firm. Preliminary marketing of the one-million-square-foot luxury Nanjing IFC mall, which is scheduled for opening in 2022, has also drawn keen interest from top-tier international brands, most of which will be new to Hexi CBD. There will be al fresco dining areas along with landscaped zones, providing a relaxing experience in the thriving business district. Given its convenient

		Attributable Gross Floor Area (square feet)		
Residential	**Shopping Centre/Shops**	**Office**	**Hotel**	**Total**
–	1,036,000	458,000	–	1,494,000
–	225,000	–	–	225,000
–	1,220,000	1,572,000	940,000	3,732,000
–	1,307,000	1,296,000	–	2,603,000
–	338,000	170,000	–	508,000
–	43,000	321,000	–	364,000
–	106,000	366,000	–	472,000
304,000	27,000	–	–	331,000
–	–	504,000	–	504,000
–	744,000	205,000	176,000	1,125,000
–	631,000	–	–	631,000
–	431,000	–	–	431,000
–	332,000	–	149,000	481,000
–	640,000	–	–	640,000

accessibility, exquisite designs and grand luxury mall, Nanjing IFC is poised to become an integrated landmark in the Hexi CBD. Please refer to page 71 for more details of Nanjing One IFC office tower.

The Group has a 40% interest in the integrated project Chengdu ICC. For details of the development mix of Chengdu ICC, please refer to page 61. Construction of the 1.2-million-square-foot shopping mall is under way with expected completion in the second half of 2021. Besides a wide variety of retailers, the mall will feature elements of sports, lifestyle and entertainment, appealing to local families in the neighbourhood. Preliminary marketing has commenced.

To be developed in phases, the wholly-owned Qingsheng project in Nansha, Guangzhou will be built into an integrated complex of about 3.3 million square feet. The first phase will comprise a 369,000-square-foot shopping mall and other public facilities while the remaining phases will include quality retail and office space of about 2.9 million square feet. With foundation work commenced, the project upon completion will further strengthen the Group's presence in Guangzhou and is likely to benefit from the thriving activities in the Greater Bay Area and Nansha Free Trade Zone in the future. Now under site formation, the joint-venture Jianghehui in Hangzhou is being developed in phases, offering a total above-ground gross floor area of about nine million square feet. Please refer to page 57 for the details of the development mix. The Group is confident of developing the site into a signature integrated project in Hangzhou.

Qingsheng Project, Nansha, Guangzhou

Property Related Businesses

The Ritz-Carlton, Hong Kong

ALVA Hotel by Royal, Hong Kong

Property Related Businesses

Four Seasons Hotel Hong Kong

Hotels

The hospitality sector in Hong Kong faced unprecedented challenges during the year, arising from local social incidents and the outbreak of COVID-19. Containment measures due to the pandemic brought global tourism to a standstill and adversely affected all classes of hotels in Hong Kong, especially top-class luxury hotels. Both revenue and occupancy of the Group's hotels, in particular those in Hong Kong, were severely hit. In the second half of the financial year under review, the Group's hotel division recorded a substantial operating loss.

To ensure the safety of hotel guests and employees, the Group's hotels raised hygiene standards by implementing a new set of strict sanitizing measures, including frequent disinfection and cleaning of air-conditioning systems. Services at some facilities have been modified to meet more stringent requirements for hygiene standards and traffic control. With aims to protect sustainable hotel operations and staff employment, the Group has reduced costs and increased revenue sources. The cost-control measures and initiatives include headcount controls and reallocation of resources such as reductions in outsourcing. At the same time, revenue sources have been expanded with the launch of creative staycation programmes that meet a wide range of requirements and preferences of local customers. A variety of promotions and privileges were put on e-shop to cater to the rising use of e-commerce. Collaborative efforts with the Group's business units were also made on marketing campaigns and promotions for hospitality and food and beverage services. However, the full recovery of the hospitality sector, especially in Hong Kong, remains uncertain, subject to the timing on the full-scale reopening of cross-border travel, as well as the revival of tourism.

As a leader among top-class luxury hotels in the city, Four Seasons Hotel Hong Kong in the IFC, Central, was inevitably affected. Adding to the attraction of its panoramic views of Victoria Harbour, the hotel broadened its customer base by offering a variety of staycation packages, including a range of holistic wellness experiences and gourmet food. Four Seasons Hotel Hong Kong remains the only hotel in the world to have housed dining outlets with a total of eight Michelin Stars, including Chinese restaurant Lung King Heen, French restaurant Caprice, and Japanese eatery Sushi Saito. The exceptional hospitality service has earned the hotel a Five-Star award by the

W Hong Kong

The Ritz-Carlton, Hong Kong

Forbes Travel Guide for seven consecutive years. Plans are under way to embark on a renovation and exciting new food and beverage options will be introduced amid the challenging operating environment.

Featuring unrivalled views of the city and attentive hospitality services, The Ritz-Carlton, Hong Kong initiated special ceremony packages and pool day passes, allowing guests to enjoy their precious moments. Highly acclaimed for their cuisine, the hotel's Chinese restaurant Tin Lung Heen and Italian restaurant Tosca di Angelo retained their Michelin star ratings for fine dining. Despite the short-term volatility, the hotel will continue to benefit from the excellent synergy generated by the West Kowloon Cultural District and its nearby developments including the Group's prime mega commercial site atop High Speed Rail West Kowloon Terminus over the long run.

From room packages, food and beverage to brand crossovers, W Hong Kong continued to reinforce its iconic positioning as a leading lifestyle luxury hotel outside traditional lines. It enticed locals looking for exceptional and vibrant experiences despite the challenging economic environment. Its award-winning spa, the highest outdoor swimming pool in town and popular dining options, together with its highly acclaimed personalized services, should enable the hotel to maintain its unique and chic position in the city over the long term.

To fit rising vibrancy in the neighbourhood and reach a broader audience of savvy travellers worldwide with elevated guest experience, Hotel VIC on North Point waterfront was rebranded as Hyatt Centric Victoria Harbour Hong Kong in August 2019. Being the first Hyatt Centric hotel in China, this state-of-the-art and chic hotel has become a new hotspot featuring harbour-

Hyatt Centric Victoria Harbour Hong Kong

Crowne Plaza Hong Kong Kowloon East

Property Related Businesses

Holiday Inn Express Hong Kong Kowloon East

The Royal Garden, Hong Kong

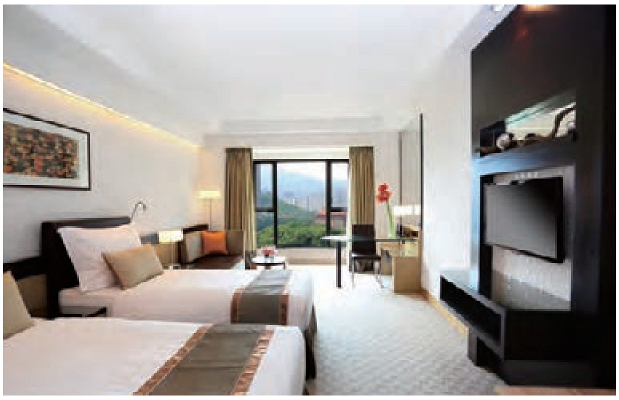
view rooms and distinctive gastronomic dining options as well as the photo-worthy infinity pool. The hotel is expected to bring further synergy to the luxury residential development, Victoria Harbour, as well as the premium shopping mall, Harbour North, within the same integrated project on Island East.

The Group's two hotels atop MTR Tseung Kwan O Station, Crowne Plaza Hong Kong Kowloon East and Holiday Inn Express Hong Kong Kowloon East, continued to play an active role in MICE and sports markets with their proximity to various sporting-event venues. Despite weakened demand under the pandemic, the hotels secured hospitality contracts for several sports-related events.

The Group's Royal brand hotels have introduced several initiatives since late January to stimulate business volume, including staycation packages, takeaway service, e-shops and gift cards. Capitalizing on its strength of housing top-notch restaurants in town, The Royal Garden generated new sources of income by offering exquisite food takeaways to meet rising demand for dine-at-home services. In 2020, the hotel was awarded five superior awards by *Forbes Travel Guide*, with four-star recognitions for the fine dining at Sabatini Ristorante Italiano and Chinese restaurant Dong Lai Shun, with the latter retaining its listing in the 2020 Michelin Guide. Royal Plaza Hotel, next to MTR Mong Kok East Station, enhanced brand awareness by offering co-branded theme promotions while modifying the operations of its restaurants to provide its guests with a carefree, safe environment. In recognition of its exceptional hospitality and premium service, the hotel was awarded the Traveller Review Awards 2020 and the Customer Review Awards 2020 from renowned travel websites.

A series of collaborations with distinguished brands for co-branded themed rooms at Royal View Hotel succeeded in drawing family guests looking for an extraordinary accommodation experience. Recognized as 'the Best Serviced Apartment Provider' by a popular accommodation website, the hotel continued to develop its digital marketing initiatives to strengthen its serviced apartments business and offset a drastic decline in tourist arrivals. Celebrating its 30th anniversary in 2019, Royal Park Hotel in Sha Tin shared its jubilation via an array of events and privileges during the year while a variety of prestigious awards were received in recognition of its hospitality

Royal Plaza Hotel, Hong Kong



Royal Park Hotel, Hong Kong

Royal View Hotel, Hong Kong

ALVA Hotel by Royal, Hong Kong

excellence. The hotel, together with the newly completed ALVA Hotel by Royal in Sha Tin, is expected to create greater synergy after the pandemic subsides.

The Group's Royal brand hotels welcomed a new member during the year. ALVA Hotel by Royal, consisting of 618 guestrooms surrounded by therapeutic green mountains and river views in Sha Tin, was opened in December 2019. This new member features the latest guest-centric technologies, including a self-check-in kiosk, and embraces the demand of millennials and modern travellers for customer services and co-working space. This fresh, smart and dynamic brand will offer a unique lifestyle concept over the long run.

On the mainland, The Ritz-Carlton Shanghai, Pudong maintained its prestigious position in Shanghai's luxury hotel market despite keen competition and the adverse impact of COVID-19. Similar to its peers in the city, the operating performance of the hotel was severely impacted in the first quarter of 2020 but then recovered gradually. The hotel and its spa gained a *Forbes Travel Guide* five-star rating while the

The Ritz-Carlton Shanghai, Pudong, Shanghai

Chinese restaurant, Jin Xuan, earned a four-star rating in the same campaign. Jin Xuan was also awarded a one-star Michelin rating in 2020. Thanks to a rebound in domestic tourism since May 2020, the Group's two joint-venture hotels on the mainland, Park Hyatt Hangzhou and Conrad Guangzhou, also registered a gradual recovery by the end of the financial year.

Although subdued cross-border activities may continue in the short term, the Group remains positive about the long-term outlook of the hospitality industry in Hong Kong and on the mainland. Several new hotels under development in Hong Kong and on the mainland are scheduled to open in the next few years. In Hong Kong, The Silveri Hong Kong – MGallery, in which the Group owns a 20% interest, is located in the heart of Tung Chung and is planned to open in late 2020 or 2021. Comprising 206 rooms, the hotel will enjoy positive long-term prospects riding on its proximity to the airport and AsiaWorld-Expo.

On the mainland, Andaz Nanjing is a premium boutique hotel at Nanjing IFC complex in Hexi CBD, Nanjing. Planned for opening in phases starting from late 2021, this chic five-star hotel comprises some 360 guestrooms, offering its signature hospitality experience, sweeping river views and attentive service. Consisting of 210 guestrooms, suites and villas, Four Seasons Hotel Suzhou on the southern bank of Jinji Lake is poised upon its completion to become an urban oasis for business travellers and tourists. Fitting-out work is progressing as planned and the hotel is slated for opening in the second quarter of 2022. The Group will continue to develop premium hotels as part of its integrated developments in major cities, including a luxury five-star hotel at ITC in Shanghai.

Property Related Businesses

Enhanced precautionary measures to prevent the spread of the virus

Property Management

The Group's property management arms, Kai Shing Management Services Limited and Hong Yip Service Company Limited, are committed to serving customers with heart and ensuring a safe and comfortable environment in which to work, shop and live. With public health and safety as their top priorities, the two companies demonstrated a strong sense of dedication to providing professional and caring service amid the COVID-19 pandemic. Smart solutions have been actively developed to improve management quality and enhance customer satisfaction while considerable efforts are made to invest in human resources and the development of a greener environment.

As soon as the COVID-19 pandemic began to emerge, Hong Yip and Kai Shing took immediate actions to put customers at ease through the introduction of precautionary measures for all residential estates, malls and offices under their management. To prevent the spread of viruses and bacteria, the two companies enhanced the ventilation systems and increased cleaning frequencies of public facilities by utilizing powerful and professional products equipped with the latest germicidal technology. They also incorporated smart technology in anti-pandemic work to gear up cleaning efficiency. Different types of cutting-edge cleaning robots were introduced in busy malls for round-the-clock thorough cleansing and disinfection, while height sensors on waste bins at selected malls were installed to monitor fill levels, keeping the shopping environment clean and hygienic at all times. Additionally, the Group has recruited 300 caring ambassadors to assist shoppers in need in their malls and people working in office buildings. All these measures have helped ensure the highest standards of hygiene in the Group's properties and boost public confidence.

To jointly combat the pandemic, Kai Shing and Hong Yip maintained stronger ties with tenants and residents with a range of attentive, value-added services that garnered widespread recognition. Workplace hygiene guidelines have been implemented for tenants, along with support to strengthen their in-store precautionary measures. Communications with customers were strengthened through the distribution of the latest anti-coronavirus information and measures through in-house mobile apps, helping to ease residents' concerns and raise prevention awareness. Self-service disinfection stations were set up in residential lobbies to offer disinfectant supplies, and door-to-door food delivery service was available at some of the Group's estate clubhouse restaurants. In certain estates, a heartwarming 'Neighbourhood Shopping' service was launched by Hong Yip to provide daily necessities and shopping assistance while a series of cooking videos and online tutorials were distributed to help residents stay home worry-free.

As industry pioneers in the use of technology, Hong Yip and Kai Shing continued to add innovative functions to their proprietary smartphone applications to bring customers a lifestyle of total convenience. Through Hong Yip's app 'SoProp', for instance, St Martin residents can now benefit from taxi reservations, bike sharing and a one-stop rental management service for their residential units. Kai Shing has expanded its all-in-one app 'Live easy' to all estates under its management, helping residents stay ahead through the convenience of modern living in the digital era. Apart from this, a 'Sharing Thoughts by QR code' initiative was introduced to allow residents, tenants and customers to express their views more conveniently. Manifesting exemplary management and service quality, the two companies achieved over 70 citations from the Hong Kong Institute of Facility Management in the Excellence in Facility Management Award 2019.

Cleaning robots undertake round-the-clock deep cleansing and thorough disinfection at malls

Residential apartments equipped with a smart home system

Both Kai Shing and Hong Yip regard employees as their most valuable assets and extend great care to their different needs. To safeguard the health of frontline staff, transparent protective shields were set up at concierge service counters to prevent droplet transmission while an array of automatic disinfection equipment was implemented in malls and offices to help reduce workload. Consistently enhancing the safety and health of staff, the two companies were widely acclaimed in the seventh Best Property Safety Management Award organized by the Occupational Safety and Health Council. In order to further ensure the safety of tenants and customers, staff received regular training to strengthen their crisis-handling skills.

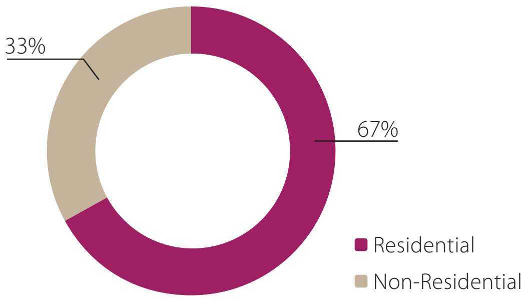
In the area of staff development, a Management Development Programme was introduced at Kai Shing as part of the company's succession planning to nurture managerial staff. Training for all staff was transformed into online webinars during the pandemic period to maintain their learning momentum. The company was recognized at CTgoodjobs' Best HR Awards 2019 for its multifaceted talent-development strategies. In a similar vein, Hong Yip has provided an interesting and interactive training experience for staff to sharpen their professional skills through the deployment of VR, AR and mobile training. The company's people-development efforts and commitment to corporate social responsibility earned it the Employees Retraining Board's Excellence Award for Employers for the 11th year.

Constantly contributing towards environmental protection, both companies were feted at the 2019 Hong Kong Awards for Environmental Excellence, a prestigious environmental award scheme in the city. In support of waste reduction and recycling, Hong Yip and Kai Shing partnered with Greeners Action to initiate a drink-carton recycling programme and set up recycling points in its malls and estates, among which V City achieved the highest recycling rate in the first phase. To minimize light nuisance and energy wastage, both subsidiaries joined hands with tenants to sign up for the Environment Bureau's 'Charter on External Lighting', with many of their properties attaining the top Platinum Award. A number of the Group's office buildings also received the Green Office Label, initiated by the World Green Organization in recognition of their promotion of a green workplace.

As at 30 June 2020, Kai Shing and Hong Yip managed about 265 million square feet of residential and non-residential floor area across Hong Kong and the mainland. New properties under their management during the year included PARK YOHO Napoli, Phase 1 of St Martin Development, Phase 1 of Mount Regency Development, St. Barths, TOWNPLACE SOHO, Downtown 38, V Walk and W212 in Hong Kong, together with One ITC in Shanghai, New Town Plaza in Beijing and Nanjing One IFC in Nanjing.

Meticulous examination of properties before handover

Floor Area Managed by Hong Yip and Kai Shing by Usage



Property Related Businesses

Construction

During the year, local social incidents and the COVID-19 outbreak posed various challenges to the Group's construction division. Working with respective project management teams, the division has put in considerable effort to ensuring project progress and timely delivery through rescheduling of works, altering construction methods and revising building materials.

Apart from continuing to attend to details of workmanship and process of construction, the construction division ensured the quality of the Group's properties by extending the adoption of Virtual Design and Construction technology such as the use of Building Information Modelling. Focus has also been put on payment process digitalization and office automation, which help reduce paper consumption while benefitting subcontractors and suppliers with greater convenience.

Putting safety first, the division joined hands with SmarTone, a subsidiary of the Group, to devise 'SmartWorks', a system that enhances construction workers' safety, health and operational efficiency. A series of stringent anti-pandemic measures have also been implemented at construction sites.

During the year, the construction division completed six residential developments, including Wings at Sea, Wings at Sea II, Phase 1 of St Martin Development, Phase 1 of Mount Regency Development, TOWNPLACE SOHO, Phase 1 of Central Peak Development, and Downtown 38. In addition, two non-residential projects, namely ALVA Hotel by Royal and W212, were completed.

SmartWorks developed to boost construction safety and operational efficiency

Major residential developments in progress included remaining phases at Victoria Harbour Development, Cullinan West III, 195 Prince Edward Road West, Phase 2 of St Martin Development, Sha Tin Town Lot No. 609, Phase 2 of Mount Regency Development, Regency Bay, Tuen Mun Town Lot No. 483, Yuen Long Station Development, Wetland Seasons Park, Tin Shui Wai Town Lot No. 33 and Tin Wing Station Development. Major non-residential developments in progress included 222-228 Wan Chai Road, New Kowloon Inland Lot No. 6550 in West Kowloon, 98 How Ming Street in Kwun Tong, W LUXE in Sha Tin, Kwai Chung Town Lot No. 522, as well as a site adjoining 252 Texaco Road and 28 Wang Lung Street in Tsuen Wan and Tsuen Wan Town Lot No. 428. A variety of asset enhancement works are also in progress, including such major projects as YOHO Mall II, Advanced Technology Centre, New Town Plaza and The Cullinan. Additionally, the construction division takes part in construction management of the Group's mainland development projects.

The construction division, comprising Sanfield (Management) Limited and its wholly-owned subsidiaries and fellow subsidiaries, operates in construction-related businesses and other services for the Group and third parties. These services include landscaping, electrical and fire prevention systems, and leasing of construction plant and machinery. The division also supplies wet concrete and precast concrete components to the Group and external parties through an associate and its wholly-owned subsidiaries.

Insurance and Mortgage Services

The Group's wholly-owned subsidiary, Sun Hung Kai Properties Insurance Ltd., maintained its dynamism to overcome the difficult conditions and achieved an improved operating profit during the year with only a minor drop in premium turnover, despite an unfavourable economic environment. The overall profit before tax slightly decreased as compared with last year, mainly due to the revaluation of investment properties.

Comprising Hung Kai Finance Company Limited and Honour Finance Company Limited, the financial services division registered satisfactory profits during the year. The division will continue to focus on mortgages, mortgage referrals and other services that support the Group's sales business and property development.

Telecommunications and Information Technology

Telecommunications

The Hong Kong mobile industry remained highly competitive during the year under review and experienced one of its most challenging periods due to the COVID-19 pandemic. Since the outbreak of the pandemic in January 2020, SmarTone's inbound and outbound roaming revenues have declined drastically as a result of reduced travel activities. The drop in roaming revenue, a major source of revenue for the company, has put significant pressure on its profitability, which was already under strain from a highly competitive market. Despite this, SmarTone grew its customer base by 6%, as well as maintained an industry-leading ARPU and the lowest postpaid churn rate in the industry through focusing on its core strengths of superior customer service and excellent network performance.

In May 2020, SmarTone launched its 5G service, boasting the widest network coverage both indoor and outdoor, through a partnership with Ericsson to introduce the industry-leading Dynamic Spectrum Sharing technology to Asia for the first time. In addition, SmarTone's Enterprise Solutions continued to garner industry recognition for their ability to improve corporate performance and efficiency. The company's SmartWorks solution earned 1st Prize for construction safety in the Construction Innovation Award 2019, presented by the Construction Industry Council.

While the company's near-term business outlook remains uncertain due to the persistence of COVID-19, SmarTone will face these headwinds by continually enhancing customer services and identifying new revenue streams. In order to emerge stronger and capture growth opportunities upon the recovery of the economy, the company will also undertake a cost-optimization programme to aggressively reduce costs and identify ways to increase productivity. The Group is confident in SmarTone's prospects and will continue to hold its stake in the company as a long-term investment.

SmarTone

SUNeVision

Information Technology

During the year under review, SUNeVision achieved healthy growth in revenue, EBITDA and underlying profit. The company's core data centre business, iAdvantage, continued to perform well and secured additional contracts from new and existing customers. Super e-Technology and Super e-Network remained dedicated to providing quality value-added services to its customers, ranging from design and build to the maintenance of communications systems and infrastructure.

The outbreak of COVID-19 has significantly increased the usage of online meetings, shopping and entertainment activities throughout the world. With a rising trend in digitalization, SUNeVision is expected to benefit from increased data volume and demand for data centres generated by its major customers, including global cloud service providers, regional internet conglomerates, international e-commerce players and multi-market video streaming operators.

The development of the company's two new sites in Tsuen Wan and Tseung Kwan O is under way. Upon scheduled completion of these greenfield sites by phases starting in 2022, the company's data centre portfolio is expected to double to about 2.8 million square feet of gross floor area. The successful acquisition of MEGA Two in November 2019 will allow the company to provide greater flexibility and support for high-growth customers. In addition, improvements to infrastructure facilities in MEGA-i, one of the most connected data centre hubs in Asia, are progressing on track and are scheduled for completion by the end of 2020. Capitalizing on opportunities in the digitalization era, SUNeVision will continue to enhance its facilities and seek out new investments in the future.

Infrastructure and Other Businesses

Wilson Parking, Hong Kong

Transport Infrastructure Operations and Management

The Group plays an important and leading role in the operation and management of Hong Kong's transport infrastructure facilities through its wholly-owned subsidiary, Wilson Group, as well as other joint ventures and associated companies.

Widely recognized by the local transport infrastructure industry, Wilson Group has established a long-term presence in the management of car parks, tunnels, bridges and toll roads. The company operates and manages some 400 public and private car parks and 100,000 parking bays in Hong Kong, including those under the Transport Department and Hong Kong International Airport, consolidating its market-leader position. On the mainland, Wilson Group manages a total of 32 car parks and 25,000 parking bays. Electronic payment options and contactless parking systems have been implemented throughout its car parks to provide greater convenience for customers. During the year, the company commenced car-park management of Nanjing IFC in Nanjing on behalf of the Group.

Whilst local social incidents and the coronavirus pandemic made a significant impact on parking business in Hong Kong, Wilson Group continued to invest in expanding its digital offerings. Aiming to optimize customer convenience, the company's technology division integrated its digital interfaces, website and mobile applications, and continued to upgrade the Group's car-park management solutions. Utilizing advanced e-commerce technology, the Group launched an online smart payment system for monthly parking tickets during the year. In addition to completing the Transport Department's system replacement project, the company was further awarded car-park management system contracts by the Hong Kong Airport Authority.

Committed to service excellence, Wilson Group is Hong Kong's first and only car-park operator to have won the top Platinum honour in the *Reader's Digest* Trusted Brand Awards for eight consecutive years, as well as other accolades, including the Best Car Park Operator, awarded for the tenth year by the Hong Kong Housing Authority.

Serving over 355,000 vehicle users, Wilson Group and its 50%-owned subsidiary, Autotoll, continued to lead the electronic toll collection market and contribute to Hong Kong's smart city development, through rolling out multi-lane free-flow tolling system and other smart mobility initiatives. The company has been awarded two contracts by the Hong Kong Society of Rehabilitation to provide an Integrated Customer and Operation Management System with Fleet Management and Booking Service.

During the year, Wilson Group's tollway division secured contract renewal for the Tsing Ma Control Area and won the contract for the Tsing Sha Control Area. The company also continued to operate and maintain Route 3 (CPS), Aberdeen Tunnel, Scenic Hill Tunnel and Airport Tunnel.

Route 3 (CPS) Company Limited, in which the Group owns a 70% interest, was granted a 30-year build-operate-transfer franchise in 1995 on the dual three-lane expressway between Yuen Long and Ting Kau. As a direct route from the mainland and northwest New Territories to urban areas, the 3.8-kilometre Tai Lam Tunnel and the 6.3-kilometre Tsing Long Highway provide an alternative route to Tuen Mun Road and Tolo Highway, offering a more reliable, faster and safer expressway for commuters. While the toll road's revenue was adversely affected by the local social incidents and COVID-19 pandemic, the company introduced further segmentation marketing and

Route 3 (CPS), Hong Kong

Airport Freight Forwarding Centre, Hong Kong

social media offerings to mitigate such impact to improve traffic flow.

The Group owns a 39.6% stake in publicly listed Transport International Holdings Limited (TIH). The Kowloon Motor Bus Company (1933) Limited and Long Win Bus Company, two franchised bus companies under TIH, recorded a significant decline in ridership caused mainly by local social incidents and the COVID-19 pandemic during the year. The suspension of classes, work-from-home arrangements taken by the government and selected corporations as well as shrinking activities for a variety of industries and limited cross-border travel have all resulted in a negative impact on the transport industry. The two bus companies have responded to the challenge by adjusting trip frequencies and saving resources without compromising the reliability and needs of passengers. Their scope of service will continue to be expanded with the introduction of new and special routes on a necessary basis. They will also leverage new business and development opportunities brought about by the opening of the Liantang/Heung Yuen Wai Boundary Control Point over the medium to long term. Striving for sustainable growth, TIH will continue to invest in driving safety, quality service delivery and staff welfare.

Port Business

Hoi Kong Container Services Company Limited, a wholly-owned subsidiary of the Group, provides container and cargo handling services in Hong Kong, operating four berths and 3.3 hectares of container yard at a convenient location in Kwai Tsing. While the Hong Kong container market faced continuing challenges from shrinking demand and severe competition amid a weakening global economy, the company recorded steady performance during the year. This has been achieved through management's unwavering efforts to review operational efficiency and continued adjustment of business models.

The River Trade Terminal, in which the Group has a 50% interest, provides container and break-bulk cargo handling services between Hong Kong and the Pearl River Delta. With a 65-hectare facility located in Tuen Mun, the company operates 3,000 metres of quay which consists of 49 berths. Although its performance was affected by a small drop in throughput during the year, the business remained resilient with new customers and the introduction of cost-cutting measures.

Air Transport and Logistics Business

Situated at Hong Kong International Airport, the Group's wholly owned Airport Freight Forwarding Centre Company Limited (AFFC) operates a logistics facility providing over 1.5 million square feet of premium warehouse and office space. Despite continued challenges amidst Sino-US trade tensions and disruptions of its supply chain due to COVID-19, the performance of AFFC remained stable during the year. Contributing to Hong Kong International Airport's position as one of the world's busiest cargo-handling facilities, the company is currently developing an annex facility to cater for long-term demand from the industry.

A franchised Fixed-Base Operator at the Hong Kong International Airport since 1997, Hong Kong Business Aviation Centre (HKBAC) offers professional aircraft support services to general and business aviation aircraft. Located at a key aviation hub of Asia and a leading international city in the Greater Bay Area, HKBAC continues to provide world-class services at optimal safety standards. Since 2019, the company has received the IS-BAH Stage II certification in recognition of its ability to meet international requirements for business aircraft handling. It has also been named the Best Asian Premier Fixed-Base Operator by *Professional Pilot Magazine* for 13 consecutive years. In the face of unprecedented challenges during the year,

Hong Kong Business Aviation Centre

Infrastructure and Other Businesses

business at HKBAC has not remained unscathed. With a 35% interest, the Group remains committed to investing in the company to further develop its business in the long run.

Waste Management

The Group contributes to a greener and cleaner environment through its 20% ownership of Green Valley Landfill Limited, which oversees both the daily operation and long-term aftercare of the South East New Territories Landfill in Tseung Kwan O. Landfill gas generated is converted into synthetic natural gas and conveyed to the gas supply network. Covering 113 hectares, the site will have the capacity to handle about 50 million cubic metres of waste upon completion of a further extension. Steady business performance was achieved during the year.

YATA Limited

YATA Limited, a wholly-owned subsidiary of the Group, operates 12 Japanese lifestyle department stores and supermarkets in Hong Kong. Striving to meet increased demand for fresh grocery products that cater to growing health consciousness and rising demand for dine-at-home, YATA continued to perform well through sourcing and delivery of high-quality and unique merchandise. During the year, YATA opened its second Hong Kong Island store at Harbour North, enabling it to enlarge its customer base and increase its profile among Hong Kong Island consumers. The company recently opened a new store in ALVA Hotel by Royal, Sha Tin with an innovative concept.

YATA-Fans, a mobile app for YATA's loyalty programme, has expanded its membership to over 500,000 in a year and a half. Committed to enhancing customer experience through this app, YATA is planning to continue to add new features and offerings to further broaden its member base.

YATA at Harbour North, Hong Kong

Sky100 Hong Kong Observation Deck

Sky100 Hong Kong Observation Deck

The only indoor viewing platform in Hong Kong featuring a 360-degree view of the territory, the Sky100 Hong Kong Observation Deck sits on the 100th floor of ICC, the tallest skyscraper in the city. Sky100 faced unprecedented challenges along with all other tourism players, and its operating performance was severely affected following a drastic fall in tourist arrivals during the year.

In view of the situation, Sky100 responded rapidly by introducing new strategies and turning its focus towards the local market. While the COVID-19 pandemic and local social incidents led to a standstill in Sky100's event business, a series of promotion programmes were developed to mitigate the adverse impact on its revenue. These included weekend family gatherings and a unique Twilight Dinner promotion, which capitalized on Sky100's magnificent views. Leveraging the Group's extensive business network, Sky100 also collaborated with other business units to offer an array of value-added promotions, creating synergies and sources of revenue.

During the year, the deck continued to receive glowing reviews by visitors, having been awarded by TripAdvisor the Certificate of Excellence for the sixth consecutive year as well as the prestigious Hall of Fame honour. Sky100 is currently Hong Kong's only member of the World Federation of Great Towers, further affirming its exclusive status, comparable to the Empire State Building, Eiffel Tower and other iconic towers around the globe.

The short-term prospect of the tourism industry in Hong Kong is expected to be full of challenges and uncertainties arising from the global pandemic. Looking forward, Sky100 will continue to work closely with industry partners and the Hong Kong Tourism Board to revive and introduce new impetus to the tourism industry.

Corporate Finance

To overcome uncertain economic headwinds ahead, the Group adheres to a prudent finance principle and continues to maintain low gearing and high liquidity. As at 30 June 2020, the Group's net debt to shareholders' ratio stood at 14.1% whilst its interest coverage recorded 11.8 times.

This robust financial position and its leading role in the property business have enabled the Group to score A1 and A+ credit ratings with stable outlooks from Moody's and Standard & Poor's respectively, placing the Group in the top-tier of agency-rated Hong Kong property companies.

The Group has tapped the debt capital markets to extend its debt maturity profile and diversify its sources of financing in order to better prepare for upcoming challenges and opportunities. Capitalizing on its high credit ratings, the Group issued publicly a total of US$1,300 million 10-year bonds during the year. The Group also tapped the Hong Kong dollar bond market with the issuance of HK$320 million 7-year bonds, HK$800 million 10-year bonds and HK$816 million 12-year bonds by private placements. Subsequent to the end of the financial year, the Group issued 7-year offshore Renminbi bonds of CNH810 million and 7-year Hong Kong dollar bonds of HK$200 million by private placements. Coupled with excellent long-term rapport from relationship banks, the Group is well placed to raise debt financing for its future business development.

A number of new Renminbi bank loans were also concluded during the year to finance the Group's mainland projects. This is in line with the Group's currency exposure management in deploying onshore operating cash flow as well as proper liability management to fund its investments on the mainland. This can to a certain extent withstand the Renminbi fluctuations.

Adhering to its long-established financial management policies, the Group has not entered into any derivative or structured product transaction for speculation purposes. Additionally, a majority of the Group's borrowings are denominated in Hong Kong dollars with the remainder overwhelmingly in US dollars and Renminbi, limiting the overall exposure to foreign exchange risk.

Financial Review

Review of Operating Results

Profit attributable to the Company's shareholders for the year ended 30 June 2020 decreased by 48% or HK$21,391 million to HK$23,521 million (2019: HK$44,912 million) after taking into account the net effect of revaluation loss of investment properties. A net fair value loss (net of related deferred tax and non-controlling interests) of HK$5,510 million arising on revaluation of investment properties (including investment properties held through joint ventures and associates) was recognized in the current year's consolidated income statement due to lower open market rents at 30 June 2020 as compared with a net revaluation gain of HK$12,861 million for the previous year.

Underlying profit attributable to the Company's shareholders for the year, which excluded revaluation gain or loss of investment properties, was HK$29,368 million, a decrease of 9.4% or HK$3,030 million compared with HK$32,398 million for the previous year. The reduction in underlying profit was mainly attributable to a lower rental contribution from investment properties due to the granting of retail rent relief, an operating loss from the Group's hotel operations and a significant decline in the Group's transport infrastructure and telecommunications business. The profit decline mostly occurred in the second half of the financial year under review, reflecting the severe impact of the rapid deterioration in the economic environment and market conditions triggered by the outbreak of COVID-19 pandemic beginning in late January 2020.

Profit from property sales for the year, including share of joint ventures, was HK$18,377 million (2019: HK$18,697 million). Property sales in Hong Kong reported a profit of HK$16,333 million (2019: HK$16,395 million), primarily attributed to profit contributions from the sales of residential units in Wings at Sea & Wings at Sea II, Phase 1 of St Martin, Phase 1 of Mount Regency and PARK YOHO Napoli. As for the Mainland, profit from property sales was HK$2,034 million (2019: HK$2,302 million) and was mainly derived from sales of residential units in Park Royale, Forest Hills and Grand Waterfront. As of 30 June 2020, the Group had HK$49.8 billion contracted (including share of joint ventures) but unrecognized property sales, of which HK$40 billion related to the pre-sale of Hong Kong development projects including Cullinan West III, Phase 2 of St Martin, Phase 2 of Mount Regency and Wetland Seasons Park and HK$9.8 billion from pre-sale of development projects on the Mainland.

The Group's gross rental income revenue, including share of joint ventures and associates was HK$24,214 million (2019: HK$25,077 million), representing a decrease of 3.4% or HK$863 million year-on-year. Net rental income for the year, including share of joint ventures and associates, decreased by HK$1,113 million or 5.7% to HK$18,565 million (2019: HK$19,678 million). Net rental income from the Group's Hong Kong and Mainland rental portfolios amounted to HK$14,456 million (2019: HK$15,373 million) and HK$3,662 million (2019: HK$3,746 million) respectively, which correspond to a year-on-year decrease of 6% and 2.2%. The decrease was primarily due to the retail rental concessions granted, which more than offset the positive rental reversions from the Group's office portfolio. Since February 2020, the Group has offered rent reductions by 30% to 50% to its distressed retail tenants, with an aggregate amount of over HK$1 billion rental concessions having been granted by end of June 2020. The impact of these rental concessions has been fully recognized in the second half of the financial year.

The Group's hotel business has been hit hardest by the outbreak of COVID-19 pandemic. Both occupancies and room rates have dropped to unprecedented low levels, resulting in substantial negative contribution recorded in the second half of the financial year. The hotel segment (including share of joint ventures) recorded a loss of HK$330 million (after depreciation charge of HK$584 million) for the full year as compared with a profit of HK$1,433 million a year ago. The Group has deployed proactive measures to save costs and improve operating efficiency, and also introduced various dining promotions and staycation packages to target the neighbourhood and local customers.

SmarTone's operating profit decreased by 37% to HK$520 million (2019: HK$823 million). The COVID-19 outbreak since January 2020 has brought global travel to an abrupt halt and significantly reduced its roaming revenue. Handset sales were also adversely affected due to weakness in the handset trading business.

Operating profit from transport infrastructure and logistics business (including share of joint ventures and associates) decreased by 22% to HK$1,365 million (2019: HK$1,750 million). The COVID-19 pandemic is having a massive impact on the transport infrastructure sector. The anti-pandemic measures put in place, such as travel restrictions and restrictions on social gathering, have had a widespread negative impact on people's social, economic and travelling activities and adversely affected the Group's transport, toll road and business aviation centre operations.

SUNeVision delivered an operating profit of HK$855 million (2019: HK$765 million), an increase of 12% over the previous year, driven by increased demand for data centre services from its existing and new customers.

The Group's other businesses (including share of joint ventures), mainly comprising property management and department store operations, continued to perform well with operating profit increased by 15% to HK$1,429 million (2019: HK$1,242 million).

Financial Resources and Liquidity

(a) Capital management, net debt and gearing

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

Shareholders' equity was HK$571.8 billion or HK$197.3 per share as at 30 June 2020 compared with HK$566.4 billion as at 30 June 2019, an increase of HK$5.4 billion. The increase was primarily driven by net profit attributable to the shareholders of HK$23.5 billion, as reduced by dividends paid of HK$14.3 billion and partially offset by foreign exchange losses of HK$3.8 billion on translation of financial statements of foreign operations.

The Group's strong financial strength allows it to continue raising long-term financing at competitive rates, thus reducing the overall cost of capital. The Group's financial position remains sound with a low debt leverage and high interest cover. Gearing ratio as at 30 June 2020, calculated on the basis of net debt to shareholders' equity of the Company, was 14.1% compared to 12.9% a year ago. Interest coverage was 11.8 times, measured by the ratio of operating profit to total net interest expenses including those capitalized for the current year.

As at 30 June 2020, the Group's gross borrowings totalled HK$112,606 million. Net debt, after deducting bank deposits and cash of HK$31,705 million, increased by HK$7,933 million to HK$80,901 million, primarily due to land payment for the commercial site in West Kowloon acquired in November 2019. The maturity profile of the Group's gross borrowings is set out as follows:

	30 June 2020 HK$ Million	30 June 2019 HK$ Million
Repayable:		
Within one year	**26,375**	9,168
After one year but within two years	**15,559**	14,070
After two years but within five years	**41,917**	53,803
After five years	**28,755**	17,965
Total bank and other borrowings	**112,606**	95,006
Bank deposits and cash	**31,705**	22,038
Net debt	**80,901**	72,968

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

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

(b) Treasury policies

The Group adopts a prudent policy in cash and debt management. The entire Group's financing and treasury activities are centrally managed and controlled at the corporate level. As at 30 June 2020, about 77% of the Group's bank and other borrowings were raised by the Company and through its wholly-owned finance subsidiaries and the remaining 23% through its operating subsidiaries.

The Group's foreign exchange exposure was small given both its large asset base and operational cash flow are primarily denominated in Hong Kong dollars, which is the Group's presentation currency. The Group may borrow in foreign currencies to finance its operations in Hong Kong, which exposes the Group to currency risk. When appropriate, the Group may enter into cross currency interest rate swaps to hedge the currency risks associated with these borrowings. As at 30 June 2020, about 73% of the Group's total borrowings were denominated in Hong Kong dollars (after cross currency interest rate swaps) and 10% in US dollars, which were raised for financing the Group's business operations in Hong Kong while the remaining 17% were mostly in Renminbi and for financing the construction cost of property projects in the Mainland. The Group is exposed to currency translation risk arising from translating the financial statements of foreign subsidiaries and joint ventures, which are mostly in Mainland China. Land acquisition costs for the Mainland projects are principally financed by capital injection funded by the Group's equity and internally generated funds. On-going business operations in the Mainland are financed through internal resources and borrowings in Renminbi as natural hedges to minimize the Group's exposure to exchange rate risk. The Group has not entered into foreign currency derivatives to hedge the translation risk exposure of its net investments in Mainland China. As at 30 June 2020, approximately 18% of the Group's net assets were denominated in Renminbi. During the year, the translation of foreign operations into the Group's presentation currency has resulted in a decrease of HK$3.8 billion in the exchange reserve recorded under shareholders' equity.

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

The Group maintained an appropriate combination of fixed and floating rate borrowings to mitigate interest rate risk. As at 30 June 2020, about 55% of the Group's total borrowings were on floating rate basis including those borrowings that were converted from fixed rate basis to floating rate basis through interest rate swaps, and 45% were on fixed rate basis.

As at 30 June 2020, the Group has entered into certain interest rate swaps, cross currency interest rate swaps and forward foreign exchange contracts in the aggregate notional amount of HK$20,431 million to manage its interest rate risk and currency risk exposures. The use of derivative instruments is strictly controlled and solely for managing the Group's underlying financial exposures for its core business operations. It is the Group's policy not to enter into derivative and structured product transactions for speculative purposes.

As at 30 June 2020, about 30% of the Group's bank deposits and cash were denominated in Hong Kong dollars, 41% in Renminbi, and 29% in US dollars. The Renminbi deposits were held by the Mainland subsidiaries for meeting the funding needs of their Mainland projects.

Charges of Assets

As at 30 June 2020, certain bank deposits of the Group's subsidiaries in the aggregate amount of HK$5 million were pledged for securing guarantees issued by the banks. Additionally, certain assets of the Group's subsidiaries with an aggregate carrying value of HK$1,411 million have been charged as security for bank borrowings. Except for the aforementioned charges, all the Group's assets are free from any encumbrances.

Contingent Liabilities

As at 30 June 2020, the Group had contingent liabilities in respect of guarantees for bank borrowings of certain joint ventures and other guarantees in the aggregate amount of HK$2,437 million (30 June 2019: HK$2,106 million).

Investor Relations

The Group is dedicated to maintaining a high degree of transparency through effective two-way communication with its stakeholders, including equity and fixed-income investors, analysts and credit rating agencies.

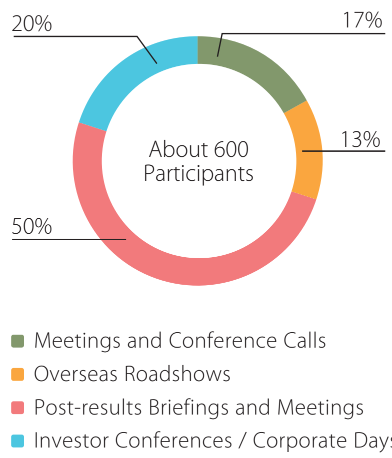
In light of the rapidly changing environment, the Group has adopted a proactive approach of communication. Corporate information is disseminated on a timely basis in the form of public announcements, press releases, quarterly magazines, interim and annual reports, all of which are available on the Group's website. Post-results analyst briefings, hosted by management, are held to provide an update on the Group's operations, financial performance and outlook. By participating in different investor conferences, forums and corporate events, the Group has been frequently communicating with the investment community. All these activities have enabled the Group to gauge the expectations of its major stakeholders so that their views can be taken into consideration in formulating the Group's long-term goals and business strategies.

Apart from public announcements, the Group takes the initiative to communicate with its stakeholders, including analysts and credit agencies, to keep them informed about the Group's major developments. For example, the Group's successful bid and respective transactions of the prime commercial site atop the High Speed Rail West Kowloon Terminus in Hong Kong were actively conveyed to the stakeholders. In addition, the Group proactively interacts with the investment community and handles their enquiries amid the COVID-19 outbreak via conference calls and virtual events.

Nevertheless, certain investor relations activities, including site visits and large-scale conferences, have been postponed or cancelled due to the pandemic, resulting in a lower number of investors engaged compared with the previous year.

Over the years the Group's efforts on corporate governance and stakeholder engagement have been recognized by the market, bringing with it numerous awards from leading financial institutions and publications.

Communications with the Investment Community in Financial Year 2019/20



Post-results-announcement analyst briefing

Major Investor Relations Events in Financial Year 2019/20

Quarter	Event
2019	
3rd Quarter	• 2018/19 annual results announcement – Press conference – Analysts briefing – Post-results meetings with fund managers • Investor Forum in Hong Kong
4th Quarter	• Investor conferences in Macau • Investor conference in Singapore
2020	
1st Quarter	• 2019/20 interim results announcement – Analysts briefing – Post-results meetings with fund managers
2nd Quarter	• Investor conferences in Hong Kong • Investor corporate day in Hong Kong • Update meetings and calls with analysts, investors and credit agencies

Awards

Financial Year 2019/20

Euromoney magazine

– Best Overall Developers in Hong Kong category
– Best Retail/Shopping Developers in Global, Asia, China and Hong Kong categories
– Best Residential Developers in Hong Kong category
– Best Office/Business Developers in Hong Kong category
– Best Industrial/Warehouse Developers in Hong Kong category
– Best Innovative Green Development Developers in Hong Kong category
– Best Overall Investment Managers in China and Hong Kong categories

FinanceAsia magazine

– Asia's Overall Best Managed Company
– Asia's Best Real Estate Company
– Hong Kong's Best Managed Company
– Hong Kong's Best Corporate Governance
– Hong Kong's Best Environmental Stewardship
– Hong Kong's Most Committed to Social Causes

The Asset magazine

– ESG Corporate Awards in Platinum

Corporate Governance Asia magazine

– Asia's Best CEO
– Asia's Best CSR
– Hong Kong's Best Environmental Responsibility
– Hong Kong's Best Investor Relations Company
– Hong Kong's Best Investor Relations Professional

The Group has earned numerous awards in the investment community from leading financial publications

Sponsoring the Sun Hung Kai Properties Hong Kong 10K Challenge to promote healthy and sustainable living

The first-of-its-kind among private developments in Hong Kong, PARK YOHO Fairyland demonstrates how to strike a harmonious balance between project development and wetland conservation

Sustainable Development

Launching a smartphone handover app for buyer's convenience

The Group continued to maintain long-term business sustainability on the back of its solid foundation and premium brand amid a volatile and challenging environment due to local social incidents and the COVID-19 pandemic. Apart from ensuring the delivery of quality products and services, the Group made active contributions to the fight against the pandemic during the year, helping customers, tenants, business partners and the community to overcome this difficult period while safeguarding the employment and overall benefits of its staff.

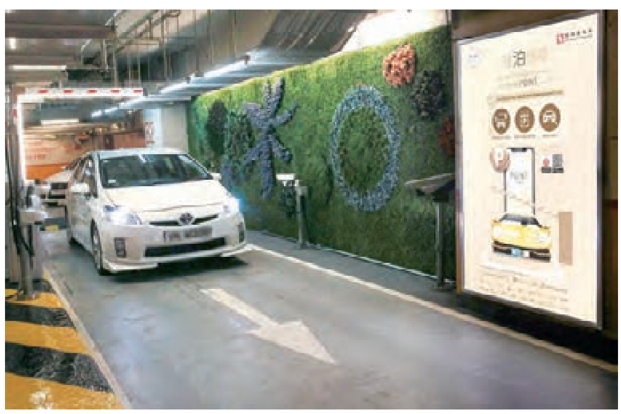
By adopting the Sustainable Development Goals of the United Nations, the Group has made a commitment to creating sustainable value for its stakeholders and the environment. For the second consecutive year, the Group was among the top-three best-performing companies in the Hang Seng Corporate Sustainability Index, and remained a constituent member of the FTSE4Good Global Index series of London, reaffirming its efforts in maintaining local and international sustainability standards.

Commitment to Quality Products and Services

The Group strives to provide premium-quality products and services that underpin customer satisfaction. This commitment to excellence, as exemplified by its landmark developments and Hong Kong's first three-year warranty for its new residential units, has established a premium brand for the Group over the years. Boasting an inter-departmental Property Handover Team, the Group monitors the quality of its properties, ensuring that new units live up to the expectations of homebuyers. A pilot smartphone handover app was launched recently to offer buyers a highly effective and convenient experience in taking over new properties. For the 15th consecutive year the Group was named a Platinum Trusted Brand by *Reader's Digest*.

Putting customers first, the Group is dedicated to offering professional, caring services in an ever-evolving environment. At the start of the COVID-19 outbreak, the Group took immediate and comprehensive measures to strengthen precautions and further improve public hygiene in its malls, office buildings and residential estates, ensuring the safety and health of customers, tenants, residents and staff. In addition to the recruitment of 300 caring ambassadors for additional anti-pandemic assistance, the Group's property management teams earned widespread recognition by going the extra mile to provide services attuned to the needs of customers. Special takeaway and delivery services were offered in the Group's malls and hotels to facilitate business continuity while fulfilling customers' needs amid challenging market conditions.

Caring ambassadors provide precautionary assistance for customers



The Point by SHKP launches Hong Kong's largest Contactless Parking and Auto Payment Parking Service network

The SHKP Club connects with customers through diversified channels and initiatives including surveys

Complementing its caring service, the Group incorporated cutting-edge technology to further enhance the quality of property management and customers' experience. Automated robots with customized functions were introduced in busy malls to cater to different needs, including thorough cleansing and disinfection in public areas. To raise operational efficiency, heat-mapping technology was adopted in selected malls to analyse footfall. Coupled with the use of Internet of Things sensors to monitor brightness, temperature, humidity and other data in real time, necessary adjustments can be made in a timely manner to ensure a comfortable shopping environment.

Great strides were achieved in introducing and refining digital solutions that maximize customer convenience. In the wake of introducing Hong Kong's first Contactless Parking feature last year, The Point by SHKP, the Group's integrated loyalty programme covering over 20 malls, was upgraded with the launch of the Auto Payment Parking service to offer a truly seamless parking and payment experience. Smart functionalities, including facial recognition and fingerprint authentication, were added to the SHKP Malls App for quicker, safer login and rewards redemption. In addition, the Group's major malls have been equipped with smart gift redemption stations to bring members a streamlined gift pick-up experience.

Underscoring the Group's emphasis on two-way communication and maintaining long-term relationships with customers, the SHKP Club reinforced engagement with its 420,000-plus members through diverse interactive initiatives during the year. The Club made effective use of multiple channels, including surveys, social media platforms and experiential activities, to keep close tabs on customers' needs and market trends, while offering a spectrum of shopping mall and dining privileges, property-related offerings and services to members. To enhance customer interaction, a new webinar series has been launched to an enthusiastic response, providing participants with pragmatic recommendations on improving mental and physical well-being as well as parenting skills.

Innovation is strongly encouraged within the Group to inspire continuous improvement in product and service quality. This year, the gold award of the Quality Raising Suggestion Scheme went to the utilization of Building Information Modelling incorporated with virtual reality. This innovative way of working allows the construction team to create virtual mock-ups at the early project-development stage to facilitate better decision-making while saving time and costs, echoing the Group's corporate culture of 'Quality, Speed, Efficiency'.

Continuous Staff Development

Employees are critical to the Group's quality service delivery and sustainable business development. The Group endeavours to make the workplace a 'second home' for its over 39,500 staff, on top of protecting their employment in difficult times. As a caring employer, the Group provides for the diverse needs of staff, ranging from physical and psychological well-being and work-life balance to continuous development. The Group enhanced the welfare in such areas as medical benefits, meal allowances and maternity leave for staff at head office during the year.

Providing staff training programmes on a wide range of subjects via live webinars

Sustainable Development

The SHKP Group Undergraduate Scholarship supports the children of staff to pursue higher education

In an effort to combat COVID-19, the Group allocated ample resources to protect the health and safety of its staff. In addition to undertaking comprehensive precautionary measures at the Group's headquarters to ensure a clean and safe work environment, the Group distributed over 300,000 surgical masks to staff, along with other anti-pandemic products, enabling them to work with peace of mind. Coronavirus-related information and advice are disseminated to heighten preventive awareness while nutritious set lunches, immunity-boosting soups and seasonal fruits are provided for headquarters staff to promote better health. The headquarters also offers free virus tests to staff who are in need and adopts flexible arrangements at work.

Treasuring employees' mental well-being, the Group regularly shares positive life recommendations and offers professional counselling service through a round-the-clock Hearty Hotline for staff and their family members. A variety of creative workshops and interest classes continues online to promote work-life balance. In addition, an internal photo and video sharing campaign was organized to encourage positive living during the pandemic.

The Group actively leverages technology to develop the professional skills of its staff, offering training under the SHKP Quality Academy through live webinars and online learning. Since February 2020, over 30 webinars were organized for some 3,500 staff on a wide range of subjects, including technology and property knowledge as well as communication and management skills. Industry experts were invited to share their views on the latest market trends, such as artificial intelligence and strategic media marketing, while technology training was tailored for staff from construction, property management and transportation services, empowering them to capitalize on opportunities in the digital era.

In addition, the Group boasts abundant online training resources to encourage lifelong learning and personal growth among staff. Covering diverse practical and soft skills, self-learning programmes were enriched in the form of short videos and bite-sized training modules. Apart from e-books, more resources are provided through the intranet to allow flexible learning, including online resources from world-class universities and a new Technology Upskilling Portal, which consists of fundamental technology concepts, external courses and

Management trainees take part in multifaceted training recorded videos. The Group also sponsors staff for external programmes up to master's degree levels, and supports employees' children to pursue tertiary studies through the SHKP Group Undergraduate Scholarship and the SHKP-AFS Intercultural Exchanges scholarship.

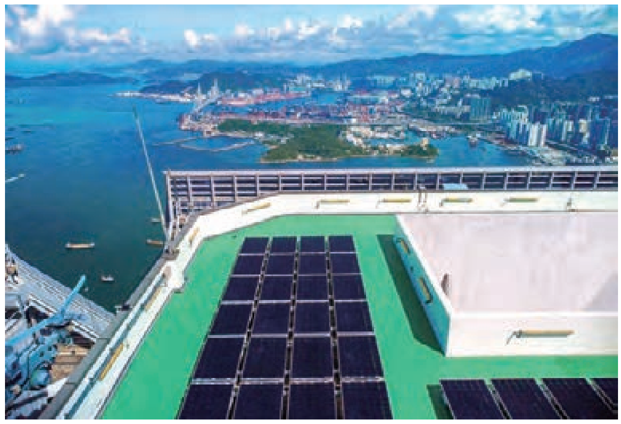
The Group remains dedicated to nourishing young talents who are giving a fresh impetus to the company and society. Each year, Management Trainees, 'Graduate Engineers – Structural' and construction apprentices are recruited while summer internships are offered to university and higher-diploma students. These programmes are constantly refined to attract high-calibre candidates and to provide them with enriched development opportunities. In addition to extensive work exposure, for example, management trainees take part in multifaceted training, including time management and social etiquette, which benefits their all-round development. A strong emphasis on mentor-mentee relationships also helps trainees gain valuable work and life experience from senior staff members.

Commitment to the Environment

An advocate for environmental protection, the Group incorporates sustainability principles in every aspect of its business. To achieve this, eco-friendly construction and management practices are adopted to make efficient use of resources, and environmental awareness are promoted among staff, customers, tenants, business partners and the public. These efforts are intended to contribute towards a greener and more sustainable future for Hong Kong.

In recent years, the Group has actively introduced smart solutions to achieve optimal energy efficiency and low carbon footprints. New technologies, such as Internet of Things, cloud,

Sun Hung Kai Centre attains the highest honour under BEAM Plus EB V2.0



Promoting renewable energy use at ICC, Hong Kong's tallest building, through solar energy

big data and Building Information Modelling, are implemented to help monitor indoor environments, enhance air quality and reduce energy consumption. Renewable energy options are also broadened through the adoption of solar photovoltaic panels for its developments. Through its efforts in energy management and the use of smart technology, the Group earned multiple awards at the Smart Energy Award 2019, organized by an electricity supplier, while a number of its properties attained platinum and gold labels in the Low-Carbon Office Operation Programme by World Wildlife Fund Hong Kong.

The Group places emphasis on waste management and resource conservation through active participation in recycling initiatives. A host of green programmes related to waste reduction and recycling of food waste as well as computer and communication products have been launched in the Group's malls, offices and estates, helping to ease the burden on landfills. As a result, the Group's properties have won high acclaim in the Hong Kong Green Awards 2019, organized by the Green Council, taking home four golds in the category of Green Management Award – Service Provider. These recognitions are a fitting testament to the Group's dedicated efforts in environmental management.

The Group attaches great importance to striking a harmonious balance between project development and environmental conservation. The development of a 500,000-square-foot wetland as part of PARK YOHO, the Group's large-scale project in Yuen Long, is the first-of-its-kind integration of wetland conservation and residential development in Hong Kong. The former barren wasteland was successfully transformed into a vibrant semi-natural wetland, called PARK YOHO Fairyland, and is now home to over 180 wildlife species.

Sustainable Development

The SHKP Love Nature Campaign mobilizes the public to preserve nature

Donation of surgical masks to the Hospital Authority and charities

Striving to maintain and continually improve the overall sustainability of its developments, the Group has put into practice environment-friendly construction and management policies, with many of its properties achieving high ratings in leading local and global green building certification programmes. In December 2019, the Group signed a Memorandum of Understanding with the Hong Kong Green Building Council and BEAM Society Limited to promote BEAM Plus Existing Buildings Volume Certification at a large number of properties under its portfolios.

To illustrate the Group's success in this area, Sun Hung Kai Centre – the Group's headquarters of almost 40 years – attained an 'Excellent' rating in both Energy Use and Management in the BEAM Plus Existing Buildings V2.0 Selective Scheme. Since 2005, the building's management team has set energy-saving and waste-reduction goals and upgraded the building facilities with optimization works, which included new systems for intelligent building management, energy monitoring and the enhancement of ventilation and air-conditioning. To date, over 46 million kWh of electricity has been saved and carbon emissions have been reduced by about 36,000 tons to help slow down the greenhouse effect and global warming.

Apart from practising environmental protection itself, the Group engages the community to raise overall environmental awareness. Through partnerships with environmental NGOs, the Group provides volunteer services, eco-tours and workshops to promote a green culture among different generations. Co-run by the Group and Green Power, the SHKP Love Nature Campaign and Nature Rescue, Hong Kong's first countryside and coastal clean-up mobile app, continued to mobilize the public, especially young people, to preserve nature and participate in clean-up actions. During class suspension over the pandemic, online educational materials on nature ecology were produced for primary and kindergarten students to encourage continuous learning.

Corporate Social Responsibility

The Group cherishes Hong Kong as its home and reciprocates to the community through its spirit of Building Homes with Heart. During the year, the Group continued its care for the underprivileged and people in need through its sports for charity and reading promotion programmes, as well as support for youth development. These efforts earned the Group the title of Caring Company, awarded by the Hong Kong Council of Social Service for the 18th consecutive year.

Amid the COVID-19 pandemic, the Group provided timely support for different needy segments of society to ride out the difficult time. Showing care and concern for its business partners, the Group offered rent concessions to affected tenants of its shopping malls to ease operating pressures and help protect employment. For the public, the Group provided underprivileged households living in subdivided units with rent subsidies via the Hong Kong Council of Social Service, and donated surgical masks to the Hospital Authority and seven social welfare organizations.

To help address the local housing shortage, the Group launched United Court, a large-scale transitional social housing project, in collaboration with the Hong Kong Sheng Kung Hui Welfare Council. The site in Tung Tau, Yuen Long will be leased for eight years at a nominal rent. Conveniently located near public transport and community amenities, the project will offer about

1,800 units when completed. Now under planning, United Court will feature distinctive people-oriented design and facilities to offer residents diverse engagement with the neighbouring community to foster social harmony.

The Group continues to extend love and care to the wider public through different channels. Comprising staff participants, the SHKP Volunteer Team leveraged their professional skills and creativity to serve the community, including improving the living environment for low-income households in transitional homes at Green Garden, and providing pre-move-in checks and basic renovations for elderly residents, the disabled and single-parent families in the Joyful Family Connection programme. Advocating domestic harmony, the SHKP Club launched a territory-wide 'Encyclopedia of Family Harmony Competition' to encourage the public to strengthen family ties and relationships. By donating to The Chinese University of Hong Kong, the Group, through the SHKP-Kwoks' Foundation, set up a brain health research centre to promote brain health among local citizens.

The Group remains committed to promoting sports for charity in the community, despite the cancellation of the SHKP Vertical Run for Charity – Race to Hong Kong ICC and the Sun Hung Kai Properties Hong Kong Cyclothon, due to local social incidents last year. Apart from launching a dedicated website and video series to galvanize the public to exercise for a good cause, it staged the SHKP Sports for Charity Carnival to spread the fun of sports and turn participants' efforts into charitable donations. The event, together with the Group's extra donations, raised substantial funds to support children and youth programmes, benefitting over 10,000 people. The year also saw the Group sponsoring the SHKP Supernova Cycling Team to groom local cycling talent.

Guided tours at PARK YOHO Fairyland promote environmental conservation awareness among residents

The SHKP Volunteer Team leverages their professional skills and creativity to serve the community

The SHKP Reading Club cultivates happy reading among young people through school programmes, online channels and engaging activities. During the coronavirus-enforced school suspension, it enhanced online initiatives to offer continuous learning and reading opportunities to teenagers and university graduates. 'Read For More', the Club's youth-oriented online platform, has been beefed up with diverse and inspiring content to encourage youngsters to make reading part of their everyday life. A special online campaign 'Read at Home with You' was also launched to recruit primary and secondary school students as 'Read For More' contributors, in an effort to spark creativity and facilitate sharing reading fun with others.

The Group nurtures the younger generation with multifaceted support. During the year, the Group renewed its sponsorship of free offices for the Hong Kong X-Tech Startup Platform, which has provided funding support to a number of start-ups in Hong Kong and the Greater Bay Area to pursue innovation and technological advancement. X Tech Talk, a series of events on the latest technology, was also launched to link up young entrepreneurs in the region with scholars, investors and industry experts to promote entrepreneurship. Separately, the SHKP-Kwoks' Foundation, which was awarded The Partnership of Excellence for 2019 by the Ministry of Education of the Central Government, supports talented students in their studies and promotes education across the country through scholarship programmes.

Corporate Governance Report

Maintaining high standards of business ethics and corporate governance has always been one of the Group's prime tasks. It believes that conducting the Group's businesses in an open and responsible manner and following good corporate governance practices serve its long-term interests and those of its shareholders. Details of the Group's investor relations initiatives and the recognition it has received for good management and corporate governance are set out under the "Investor Relations" section of this annual report.

Corporate Governance Practices

Rigorous standards of corporate governance enhance the Group's accountability and transparency, earning the confidence of its shareholders and the public. The Company has complied with the code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 30 June 2020, except that there is no separation of the roles of chairman and chief executive.

The Board of Directors of the Company (the "Board") continues to monitor and review the Company's corporate governance practices to ensure compliance.

Board of Directors

Board Composition

As at the date of this annual report, the Board has 20 Directors comprising eight Executive Directors, three Non-Executive Directors and nine Independent Non-Executive Directors. Further details of the composition of the Board are set out on page 2.

During the year ended 30 June 2020 and up to the date of this annual report, the changes to the composition of the Board were as follows:

– Sir Po-shing Woo resigned as a Non-Executive Director of the Company and Mr. Woo Ka-biu, Jackson ceased to be his alternate, both with effect from 31 August 2019; and

– Mr. Wu Xiang-dong was appointed as an Independent Non-Executive Director of the Company with effect from 1 September 2019.

Dr. Lee Shau-kee (the Vice Chairman and a Non-Executive Director of the Company) and Mr. Leung Kui-king, Donald (an Independent Non-Executive Director of the Company), who will be retiring from office at the forthcoming annual general meeting of the Company (the "AGM") to be held on 5 November 2020, have informed the Company that they will not seek re-election as Directors of the Company.

An updated list of Directors identifying their roles and functions (the "Directors List") is maintained on the websites of the Company and Hong Kong Exchanges and Clearing Limited ("HKEX"). Independent Non-Executive Directors are identified as such in the Directors List and all other corporate communications containing the names of the Directors.

Mr. Kwok Ping-luen, Raymond is a nephew of Mr. Kwong Chun and an uncle of Mr. Kwok Kai-fai, Adam and Mr. Kwok Kai-chun, Geoffrey. He is also the father of Mr. Kwok Kai-wang, Christopher and Mr. Kwok Ho-lai, Edward. Mr. Kwok Kai-wang, Christopher is a cousin of Mr. Kwok Kai-fai, Adam and Mr. Kwok Kai-chun, Geoffrey, and the younger brother of Mr. Kwok Ho-lai, Edward. Save as disclosed above, there are no family or other material relationships among the members of the Board.

Board Diversity

Prior to the implementation of the code provision in the Code on board diversity in September 2013, the Company adopted a board diversity policy (the "Diversity Policy") setting out the approach to achieve diversity of the Board members in June 2013. The Company is committed to equality of opportunity and does not discriminate on the grounds of race, gender, age, disability, nationality or any other factors. It also recognizes and embraces the benefits of diversity in Board members. The Company sees diversity as a wide concept and believes that diversity of Board members can be achieved through consideration of a number of factors, including but not limited to background, age, gender, culture, industry experience, skills and knowledge, educational background and other qualities. The Company takes into account these factors based on its own business model and specific needs from time to time as well as the availability of suitable candidates in the market. The Nomination Committee monitors the implementation of the Diversity Policy and reviews the same as appropriate.

The Board consists of a diverse mix of Board members in terms of age, gender and tenure of office. Besides, the members of the Board come from a variety of different backgrounds and have a diverse range of business, financial services and professional experience. The Company requests the Directors to disclose annually to the Company the number and nature of offices held in public companies or organizations and other significant commitments with an indication of the time involved. The Directors' biographical information is set out on pages 143 to 153 and is also available on the website of the Company.

The Board believes that the balance between Executive and Non-Executive Directors (including the Independent Non-Executive Directors) is reasonable and adequate to provide sufficient checks and balances that safeguard the interests of the shareholders and the Group. Non-Executive Directors and Independent Non-Executive Directors provide the Group with diversified expertise and experience. Their views and participation in Board and committee meetings bring independent judgment and advice on issues relating to the Group's strategies, performance, conflicts of interest and management process, and ensure that the interests of the shareholders are taken into account.

As at the date of this annual report, the Company has nine Independent Non-Executive Directors, representing more than one-third of the Board, and at least one of them has appropriate professional qualifications or accounting or related financial management expertise. The Company has received from all Independent Non-Executive Directors their confirmation of independence pursuant to the independence guidelines set out in Rule 3.13 of the Listing Rules (the "Independence Guidelines") and considers that they are independent. The re-election of the Independent Non-Executive Directors at the forthcoming AGM has been reviewed by the Nomination Committee and further details are set out in the section headed "Nomination Committee and Appointment of Directors" below.

Board Meetings

The Board meets at least four times a year, and a tentative schedule for regular Board meetings for each year is provided to the Directors prior to the beginning of each calendar year. In addition, at least 14 days' notice of all regular Board meetings together with the meeting agenda is given to all Directors such that all Directors are given the opportunity to include matters for discussion in the agenda. Meeting agenda and accompanying meeting papers are sent to all relevant Directors at least three days in advance of every regular Board meeting and committee meeting. Directors may participate in meetings in person, by phone or by other communication means. Between regularly scheduled Board meetings, Directors may approve various matters by way of passing written resolutions. Additional Board meetings may be convened, if necessary.

The Company Secretary assists the Chairman in preparing the agenda for the Board meetings and ensures that all applicable rules and regulations regarding the proceedings of the Board meetings are followed. Draft and final versions of minutes of each Board meeting are sent to all Directors for their comments and records respectively within a reasonable time. The Company also keeps detailed minutes of each Board meeting, which are available for inspection by all Directors.

Corporate Governance Report

All Directors have confirmed that they have given sufficient time and attention to the affairs of the Group during the year ended 30 June 2020. During the year, the Board discussed the overall strategies of the Group, monitored its financial and operational performance, and approved the annual and interim results of the Group. It also approved the appointment of an Independent Non-Executive Director and an announcement regarding such appointment as well as the resignation of a Non-Executive Director and the cessation of his alternate. Furthermore, it approved the issuance of three announcements relating to a discloseable transaction regarding a successful tender of land by a subsidiary of the Company, a connected transaction regarding the disposal of 25% interest in a subsidiary and a transaction regarding the disposal of 25% interest in a 75% owned subsidiary of the Company. Also, the Board approved three announcements with respect to the issuance of debt instruments by a wholly-owned subsidiary of the Company.

The Board held four regular meetings during the year ended 30 June 2020, and the attendance records of the Directors at the Board meetings are set out below:

Directors	**Meetings attended/held**
Executive Directors	
Kwok Ping-luen, Raymond	4/4
Wong Chik-wing, Mike	4/4
Lui Ting, Victor	4/4
Kwok Kai-fai, Adam	4/4
Kwok Kai-wang, Christopher	4/4
Kwong Chun	0/4
Tung Chi-ho, Eric	4/4
Fung Yuk-lun, Allen	4/4
Non-Executive Directors	
Lee Shau-kee	2/4
Kwan Cheuk-yin, William	4/4
Kwok Kai-chun, Geoffrey	4/4
Independent Non-Executive Directors	
Yip Dicky Peter	4/4
Wong Yue-chim, Richard	4/4
Li Ka-cheung, Eric	4/4
Fung Kwok-lun, William	4/4
Leung Nai-pang, Norman	4/4
Leung Kui-king, Donald	4/4
Leung Ko May-yee, Margaret	4/4
Fan Hung-ling, Henry	4/4
Wu Xiang-dong	2/4

Directors have access to relevant and timely information, and they can ask for further information or retain independent professional advisors if necessary. They also have access to the advice and services of the Company Secretary, who is responsible for providing Directors with Board papers and related materials and ensuring that Board procedures are followed. Directors are given sufficient time for discussion at the Board meetings. Management is invited to join the Board meetings, where appropriate, to provide information to the Directors to enable the Board to make informed decisions. Where queries are raised by Directors, prompt and full responses will be given if possible.

Directors are required to declare their interests (if any) in the matters to be considered at the Board meetings in accordance with the articles of association of the Company (the "Articles of Association"). Should a potential conflict of interest involving a substantial shareholder or a Director arise, the matter will be dealt with by a physical meeting rather than by written resolution. Independent Non-Executive Directors with no conflict of interest will be present at meetings dealing with such conflict issues. Pursuant to the Articles of Association, a Director who is considered to be materially interested in the matter shall abstain from voting on the resolution approving such matter.

The Company has arranged appropriate directors and officers liability insurance in respect of legal action against Directors. In addition, each 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 which he or she may sustain or incur in or about the execution of the duties of his or her office or otherwise in relation thereto in accordance with the Articles of Association.

Chairman

Mr. Kwok Ping-luen, Raymond is the Chairman and Managing Director of the Company. This is at variance with code provision A.2.1 of the Code, which provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Although the positions of Chairman and Managing Director are not separate, the powers and authorities have not been concentrated as all major decisions have been made in consultation with the Board and appropriate Board committees, as well as top management. In addition, there are three Non-Executive Directors and nine Independent Non-Executive Directors on the Board offering their experience, expertise, independent advice and views from different perspectives. The Board is therefore of the view that there are adequate balance of power and safeguards in place.

The Chairman is primarily responsible for leading the Board and ensuring that it functions effectively and smoothly. Directors are encouraged to participate actively in all Board and committee meetings of which they are members.

During the year ended 30 June 2020, the Chairman held a meeting with the Independent Non-Executive Directors without the presence of the other Directors.

Training and Support for Directors

Directors must keep abreast of their collective responsibilities. Each newly appointed Director or Alternate Director would be provided an induction package containing an overview of the Group's businesses and the applicable statutory and regulatory obligations of a director of a listed company, and would receive briefing on the responsibilities under the declaration and undertaking with regard to directors from an external lawyer of the Company.

The Group also provides briefings and other training to develop and refresh the Directors' knowledge and skills. The Group continuously updates Directors on the latest developments regarding the Listing Rules and other applicable legal and regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. Circulars or guidance notes are also issued to Directors and senior executives where appropriate to keep them abreast of any latest changes in applicable legal and regulatory requirements and corporate governance practices. In addition, external experts are invited to give seminars to Executive Directors and senior executives to update their skills and knowledge.

During the year ended 30 June 2020, the Directors participated in the following trainings:

	Types of training	
Directors	**Attending or giving talks at seminars and/or conferences and/or forums and/or briefings**	**Reading materials on various topics***
Executive Directors		
Kwok Ping-luen, Raymond	✓	✓
Wong Chik-wing, Mike	✓	✓
Lui Ting, Victor		✓
Kwok Kai-fai, Adam	✓	✓
Kwok Kai-wang, Christopher	✓	✓
Kwong Chun		✓
Tung Chi-ho, Eric		✓
Fung Yuk-lun, Allen	✓	✓
Kwok Ho-lai, Edward *(Alternate Director to Kwok Ping-luen, Raymond)*	✓	✓
Non-Executive Directors		
Lee Shau-kee		✓
Kwan Cheuk-yin, William	✓	✓
Kwok Kai-chun, Geoffrey		✓
Independent Non-Executive Directors		
Yip Dicky Peter	✓	✓
Wong Yue-chim, Richard		✓
Li Ka-cheung, Eric	✓	✓
Fung Kwok-lun, William	✓	✓
Leung Nai-pang, Norman	✓	✓
Leung Kui-king, Donald	✓	✓
Leung Ko May-yee, Margaret	✓	✓
Fan Hung-ling, Henry		✓
Wu Xiang-dong	✓	✓

* *Topics include the Company's business, corporate governance matters, and directors' duties and responsibilities*

Compliance with Model Code

The Company follows the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules (the "Model Code") as the code of conduct for the Directors and the relevant employees who are likely to possess inside information of the Group (the "Relevant Employees") in their dealings in the Company's securities.

Before the Group's interim and annual results are announced, notifications will be sent to the Directors and the Relevant Employees to remind them not to deal in the securities of the Company during the blackout periods. In response to specific enquiry made by the Company, all Directors have confirmed that they have complied with the Model Code during the year ended 30 June 2020.

Delegation by the Board

The Board directs and approves the Group's overall strategies. Given the diversity and volume of the Group's businesses, responsibilities for execution and daily operations are delegated to management. The Board gives clear directions as to management's power, and periodically reviews the delegations to management to ensure that they are appropriate and continue to be beneficial to the Group as a whole.

The Board has delegated specific roles and responsibilities to the Executive, Remuneration, Nomination, and Audit and Risk Management Committees. These Committees have specific terms of reference clearly defining their powers and responsibilities, and they are required by their terms of reference to report to the Board in relation to their decisions, findings or recommendations, and in certain specific situations, to seek the Board's approval before taking any action. Meetings of the Committees are convened as often as necessary and some decisions of the Committees are made by way of passing written resolutions.

Executive Committee

The Executive Committee was established in 1977 and now consists of all eight Executive Directors and six full time senior executives of the Group as its members. A list of the current members of the Committee and their biographical information are set out on page 2 and pages 143 to 155 respectively. In addition, four senior executives of the Company holding major positions in the Group have been invited by the Committee to attend its meetings regularly as associate members, and to contribute their experience and expertise to assist the Committee in its decision-making process. A list of the current associate members of the Committee is set out on page 155.

The Executive Committee meets regularly, usually once every week. It is primarily responsible for formulating business policies, making decisions on key business issues and policies, facilitating the approval of certain corporate actions and exercising the powers and authority delegated by the Board in respect of matters which arise between regularly scheduled Board meetings.

The Board has delegated to the Executive Committee its responsibilities to develop, review and monitor the policies and practices on corporate governance of the Group and to make recommendations to the Board, to review and monitor the Company's policies and practices on legal and regulatory compliance, to review and monitor the code of conduct and ethical behaviour applicable to the Directors and employees and the training and continuous professional development of Directors and senior management, and to review the Company's compliance with the Code and disclosures in the corporate governance report.

During the year ended 30 June 2020, the Executive Committee oversaw the daily business operations of the Group and made key business decisions. In addition, the Committee reviewed the Company's compliance with the Code and the applicable statutory and regulatory requirements, and the disclosure in the corporate governance report. The attendance records of the members at the Committee meetings held during the year are set out below:

Committee members	Meetings attended/held
Kwok Ping-luen, Raymond	47/47
Wong Chik-wing, Mike	44/47
Lui Ting, Victor	47/47
Kwok Kai-fai, Adam	43/47
Kwok Kai-wang, Christopher	43/47
Kwong Chun	0/47
Tung Chi-ho, Eric	44/47
Fung Yuk-lun, Allen	42/47
Chow Kwok-yin, Eric	45/47
Yung Sheung-tat, Sandy	46/47
Li Ching-kam, Frederick	47/47
Fung Sau-yim, Maureen	47/47
Chan Hong-ki, Robert	44/47
Lam Ka-keung, Henry	45/47

Remuneration Committee

The Remuneration Committee was established in June 2005 and is chaired by Professor Wong Yue-chim, Richard, an Independent Non-Executive Director. Other members of the Committee are Dr. Li Ka-cheung, Eric, Mr. Kwan Cheuk-yin, William and Dr. Leung Nai-pang, Norman. All members are Non-Executive Directors and the majority of them are Independent Non-Executive Directors.

The Company has adopted the model to delegate the determination of the remuneration packages of individual Executive Directors to the Remuneration Committee. The Committee is responsible for formulating and recommending remuneration policy to the Board and reviewing and making recommendations on compensation-related issues. The fees for the Directors are subject to the approval of the shareholders at the general meetings in accordance with the Articles of Association. The Committee, with the assistance of the Head of Internal Affairs, consults with the Chairman on its proposals and recommendations if necessary, and also has access to independent professional advice if necessary. The Committee is also provided with sufficient resources enabling it to perform its duties. The Committee's specific terms of reference are available on the websites of the Company and HKEX.

During the year ended 30 June 2020, the Remuneration Committee reviewed the Directors' fees and the emoluments of the Executive Directors. Particulars of the Directors' emoluments are set out in note 8 to the consolidated financial statements. The Committee held a meeting during the year and the attendance records of the members at the meeting are set out below:

Committee members	Meeting attended/held
Wong Yue-chim, Richard	1/1
Li Ka-cheung, Eric	1/1
Kwan Cheuk-yin, William	1/1
Leung Nai-pang, Norman	1/1

Nomination Committee and Appointment of Directors

The Nomination Committee was established in June 2005 and is chaired by Professor Wong Yue-chim, Richard, an Independent Non-Executive Director. Other members of the Committee are Mr. Kwan Cheuk-yin, William, Mr. Yip Dicky Peter and Dr. Leung Nai-pang, Norman. All members are Non-Executive Directors and the majority of them are Independent Non-Executive Directors.

The Nomination Committee is responsible for formulating policy and making recommendations to the Board on the appointment and re-appointment of Directors, and Board succession. A nomination policy setting out the current nomination practice, such as the criteria and procedures for the selection, appointment and re-appointment of the Directors, has been adopted by the Company. Under the policy, the Committee will evaluate potential candidates by considering various factors, including their professional expertise, industry and business experience, time commitments, potential contribution to board diversity, and material conflict of interest with the Group (if any). The Committee will also consider the independence of candidates with reference to the Independence Guidelines if they will be appointed as Independent Non-Executive Directors. The Committee will then make recommendation of suitable candidates to the Board for consideration of appointment. In case of re-appointment of existing Directors who will retire at AGMs or general meetings of the Company, the Committee will review the rotation and retirement of Directors and make recommendations to the Board accordingly.

The Nomination Committee also reviews the size, structure and composition of the Board. Sufficient resources are provided to the Committee to enable it to perform its duties, and it can seek independent professional advice at the Company's expense if necessary. The Committee's specific terms of reference are available on the websites of the Company and HKEX.

During the year ended 30 June 2020, the Nomination Committee recommended the appointment of an Independent Non-Executive Director to the Board for approval and reviewed his retirement and re-election at the AGM held on 7 November 2019. The Committee also reviewed the structure, size and composition of the Board, and the retirement and re-election of Directors at the forthcoming AGM, including the re-election of the retiring Independent Non-Executive Directors. The Nomination Committee reviewed the biographies of those Independent Non-Executive Directors who will be subject to retirement and re-election at the forthcoming AGM (the "Retiring INEDs"), and taking into consideration their knowledge, experience, capability and various diversity aspects as set out in the Diversity Policy, the Committee is of the view that the Retiring INEDs will continue to contribute to the Board with their respective perspectives, skills and experience.

In addition, Mr. Yip Dicky Peter, Professor Wong Yue-chim, Richard and Dr. Fung Kwok-lun, William (being three of the Retiring INEDs) have served the Company for more than nine years, and the Nomination Committee considered that their long service will not affect their exercise of independent judgment and was satisfied that each of them has the required integrity and experience to continue fulfilling the role of an Independent Non-Executive Director.

The Nomination Committee held a meeting during the year ended 30 June 2020 and the attendance records of the members at the meeting are set out below:

Committee members	Meeting attended/held
Wong Yue-chim, Richard	1/1
Kwan Cheuk-yin, William	1/1
Yip Dicky Peter	1/1
Leung Nai-pang, Norman	1/1

All Directors have formal letters of appointment setting out the key terms of their appointments. In accordance with the Articles of Association, new Director appointed by the Board shall hold office until the next following AGM or general meeting of the Company and shall then be eligible for re-election. In addition, one-third of the Directors are required to retire from office by rotation and are eligible for re-election at each AGM and each Director should be subject to retirement by rotation at least once every three years. Non-Executive Directors (including Independent Non-Executive Directors) will be subject to a term of approximately two years commencing from the date of the AGM at which they are re-elected and expiring at the AGM to be held two years thereafter, and they shall be eligible for re-election at that AGM for a like term upon the expiry of their term of office. In addition, when an Independent Non-Executive Director proposed for re-election has served the Company for more than nine years, his or her re-election will be subject to a separate resolution to be approved at the AGM.

Audit and Accountability

The Board is responsible for presenting a balanced, clear and comprehensible assessment of the Group's performance and prospects. The Directors also acknowledge their responsibility for preparing the financial statements that give a true and fair view of the Group's financial position on a going-concern basis, and for presenting a balanced, clear and understandable assessments in its annual and interim reports, other inside information announcements and other financial disclosures. All Board members are provided with monthly updates, including contracted property sales updates, projects launched, upcoming projects, leasing and hotel project updates, land bank, major investment projects under development and financial position, which give the Directors a balanced and understandable assessment of the performance, position and prospects of the Group. Management provides all relevant information to the Board, giving the members sufficient explanation and information they need to discharge their responsibilities. A statement by the external auditor of the Company in respect of its reporting responsibilities is set out in the Independent Auditor's Report.

Audit and Risk Management Committee

The Audit Committee was established in 1999 and was renamed as the Audit and Risk Management Committee in June 2016 to reflect its role in risk management. The Committee is chaired by Dr. Li Ka-cheung, Eric, and other members of the Committee are Mr. Yip Dicky Peter, Mr. Leung Kui-king, Donald and Dr. Leung Nai-pang, Norman. All members of the Committee are Independent Non-Executive Directors.

No former partner of the Company's existing auditing firm acted as a member of the Audit and Risk Management Committee within two years from the date of his ceasing to be a partner or to have any financial interest in the auditing firm.

The duties of the Audit and Risk Management Committee include:

- reviewing the Group's financial statements and annual reports and accounts, and interim reports before submitting them to the Board;
- reviewing the Group's financial controls, and its risk management and internal control systems;
- ensuring that management has fulfilled its duty to establish and maintain an effective risk management and internal control systems including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
- considering major investigation findings on risk management and internal control matters;
- reviewing the internal audit programme and ensuring the internal audit function is adequately resourced and effective;
- reviewing the Group's financial and accounting policies and practices;

- reviewing the external auditor's management letter and questions raised by the external auditor to management, and management's response to such questions;

- reporting to the Board on matters in the code provision under C.3 of the Code;

- meeting with the external auditor to discuss issues regarding audit at least once a year in the absence of management; and

- reviewing the arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal controls or other matters.

The Audit and Risk Management Committee is provided with sufficient resources enabling it to perform its duties. The specific terms of reference of the Committee are available on the websites of the Company and HKEX.

The Audit and Risk Management Committee held three meetings during the year ended 30 June 2020. It had reviewed the interim and annual results of the Group, and discussed and approved the relevant financial reports; reviewed the Group's risk management and internal control systems, risk assessment result and internal audit activities; and discussed the audit plan for the financial year 2019/20. Two private sessions between the members of the Committee and the external auditor without the presence of management had been arranged in two of the aforesaid meetings. The attendance records of the members at the Committee meetings are set out below:

Committee members	**Meetings attended/held**
Li Ka-cheung, Eric	3/3
Yip Dicky Peter	3/3
Leung Kui-king, Donald	3/3
Leung Nai-pang, Norman	3/3

There was no disagreement between the Board and the Audit and Risk Management Committee on the selection, appointment, resignation or dismissal of the external auditor.

The Audit and Risk Management Committee monitors the audit and non-audit services rendered to the Group by the external auditor and ensures that the engagement of the external auditor in other non-audit services will not impair its audit independence or objectivity. An independence confirmation has been obtained from the external auditor which confirmed that during the course of its audit on the Group's consolidated financial statements for the year ended 30 June 2020 and thereafter to the date of the annual report, it is independent of the Group in accordance with the independence requirements of the Hong Kong Institute of Certified Public Accountants.

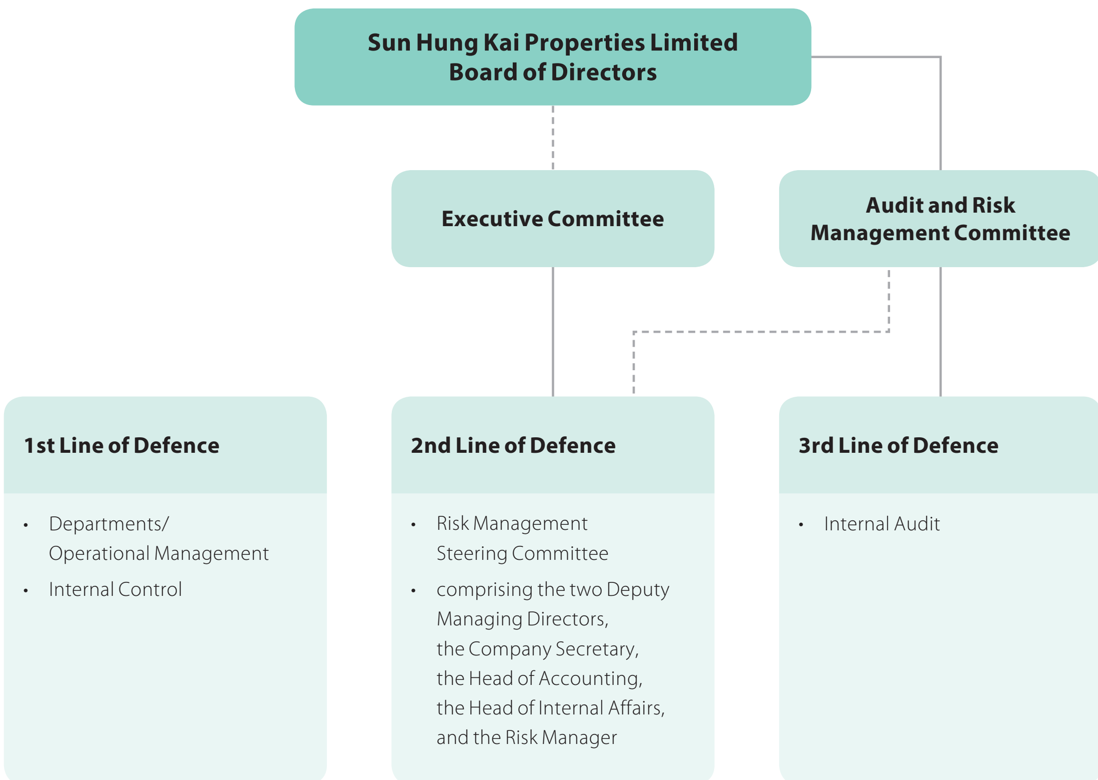
The fees in respect of audit and non-audit services provided to the Company and its subsidiaries by the external auditor for the year ended 30 June 2020 amounted to approximately HK$19 million and HK$7 million respectively. The non-audit services mainly consist of consultancy, taxation, review and other reporting services.

Risk Management and Internal Control

The Group has diverse business activities in Hong Kong, Mainland China and Singapore and is exposed to different risks in a dynamic environment. Effective risk management is therefore essential for the long-term growth and sustainability of the businesses of the Group. The Board is responsible for the overall strategy and development of the Group's businesses; for setting its corporate goals and risk appetite; for establishing and maintaining sound and effective risk management and internal control systems to safeguard the Group's assets and stakeholders' interests; and for reviewing the effectiveness of the systems. The Board assesses the effectiveness of the risk management and internal control systems through the reviews performed by the Audit and Risk Management Committee, executive management and both internal and external auditors. It should be acknowledged that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk Management

The Group's risk governance structure is guided by the "Three Lines of Defence" model as shown below:



First Line of Defence

Each department has the duty to manage its own risks in the course of its daily operations, including:

(i) establishing its own risk management measures for identifying, measuring, mitigating and monitoring its own risks;

(ii) completing a risk assessment template and submitting its assessment results to the Risk Management Steering Committee at least twice a year;

(iii) operating in a manner that is in line with the risk appetite of the Group; and

(iv) implementing any risk action plans as advised by the Risk Management Steering Committee and/or the Internal Audit Department and/or the Audit and Risk Management Committee to address any significant risk that may affect its operation.

Second Line of Defence

The Risk Management Steering Committee is under the direct supervision of the Executive Committee and also accountable to the Audit and Risk Management Committee. Members of this Committee comprise the two Deputy Managing Directors, the Company Secretary, the Head of Accounting, the Head of Internal Affairs, and the Risk Manager. The Risk Management Steering Committee is primarily responsible for:

(i) providing assistance to the Board and the Audit and Risk Management Committee in overseeing and monitoring the operation of the risk management and internal control systems;

(ii) reviewing the risk assessment results submitted by each department, providing support and guidance to them, and putting forward any risk action plans for implementation by them;

(iii) reporting its work done to the Audit and Risk Management Committee at least twice a year; and

(iv) proposing any enhancement to the risk management and internal control systems for consideration by the Audit and Risk Management Committee and/or the individual department concerned.

Third Line of Defence

The Internal Audit Department is primarily responsible for:

(i) performing audits to evaluate the proper functioning of the risk management and internal control systems;

(ii) reporting its findings to the Audit and Risk Management Committee and providing the Committee with an independent and objective assurance on the effectiveness of the risk management and internal control systems of the Group;

(iii) putting forward any risk action plans for implementation by relevant departments concerned; and

(iv) proposing any enhancement to the risk management and internal control systems for consideration by the Audit and Risk Management Committee and/or the Risk Management Steering Committee and/or the individual department concerned.

Audit and Risk Management Committee

The Audit and Risk Management Committee assists the Board in overseeing the risk management and internal control systems of the Group, including:

(i) reviewing, at least annually, the risk management and internal control systems of the Group with the Internal Audit Department to ascertain whether management has fulfilled its responsibilities in establishing and maintaining effective systems;

(ii) reviewing the risk assessment results, including changes in the nature and extent of significant risks since the last review and the Group's ability to respond to changes in its business and the external environment;

(iii) discussing with management on the resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions to ensure that these are adequate;

(iv) considering major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

(v) identifying any significant risks that should be drawn to the attention of the Board;

(vi) putting forward any risk action plans for implementation by relevant departments concerned; and

(vii) reviewing and considering any enhancement to the risk management and internal control systems as proposed by the Risk Management Steering Committee and/or the Internal Audit Department.

Board of Directors

The Board has the overall responsibility for establishing and maintaining sound and effective risk management and internal control systems, including:

(i) setting the Group's strategies and corporate goals;

(ii) evaluating and determining the nature and extent of the risks it is willing to take in achieving its strategic and business objectives;

(iii) overseeing management in the design, implementation and monitoring of the risk management and internal control systems;

(iv) overseeing the risk management and internal control systems on an ongoing basis, and ensuring that a review of the systems is conducted at least annually to ensure their effectiveness;

(v) reviewing the changes in the nature and extent of significant risks since the last review and the Group's ability to respond to changes in its business and the external environment;

(vi) considering the scope and quality of management's ongoing monitoring of risks and of the internal control systems;

(vii) considering the extent and frequency of communication of monitoring results to the Board; and

(viii) considering any significant control failings or weaknesses that have been identified during the period.

Internal Control

Risk management is integrated with the Group's internal control system which was developed based on the COSO (the Committee of Sponsoring Organizations of the Treadway Commission) principles as follows:

(i) Control Environment

- demonstrates a commitment to integrity and ethical values
- the Board demonstrates independence from management and exercises oversight of the development and performance of internal control
- management establishes, with Board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives
- demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives
- holds individuals accountable for their internal control responsibilities in the pursuit of objectives

(ii) Risk Assessment

- specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives
- identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed
- considers the potential for fraud in assessing risks to the achievement of objectives
- identifies and assesses changes that could significantly impact the system of internal control

(iii) Control Activities

- selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels
- selects and develops general control activities over technology to support the achievement of objectives
- deploys control activities through policies that establish what is expected and procedures that put policies into place

(iv) Information and Communication

- obtains or generates and uses relevant, quality information to support the functioning of internal control
- internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control
- communicates with external parties regarding matters affecting the functioning of internal control

(v) Monitoring

- selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning
- evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the Board, as appropriate

The internal control system aims at safeguarding assets from inappropriate use, maintaining proper accounts, ensuring compliance with laws and regulations, and enabling timely identification and management of key risks that may have impact on the Group. Management is primarily responsible for the design, implementation and maintenance of the risk management and internal control systems. The Group's internal control system includes a well-established organizational structure with clearly defined lines of responsibility and authority. Policies and procedures are laid down for its key business processes and business units covering project development, tendering, sales and leasing, financial reporting, human resources and computer systems.

The Group's Code of Conduct, freely accessible on the Group's intranet, is maintained and communicated to all employees for compliance. In addition, a whistleblowing policy was established for our employees to raise concerns in confidence about suspected misconducts, malpractices or fraudulent activities relating to the Group. The identity of the whistleblower will be treated with the strictest confidence.

The Company has a policy on inside information in place setting out the principles and procedures for handling and disclosing inside information of the Group in compliance with the relevant requirements under Part XIVA of the Securities and Futures Ordinance and the Listing Rules, and such policy has been communicated to the relevant senior executives of the Group. The policy contains provisions for establishing an internal committee to ascertain whether certain information constitutes inside information of the Group, and (where necessary) for escalating the matter to the senior management of the Group for final determination. To prevent inadvertent disclosure of inside information, the policy also prescribes certain measures in place, including restricting access to inside information to employees on a need-to-know basis, requiring documents and files containing inside information to be kept in a safe place, and requiring that confidentiality agreements be made with external parties in appropriate cases.

Key Risk Factors

The following section lists out the key risks and uncertainties facing the Group. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below:

Risks Pertaining to the Property Market in Hong Kong

A substantial part of the Group's property portfolio is located in Hong Kong, and a substantial part of the Group's revenue is derived in Hong Kong. As a result, general state of the economy and the property market, legislative and regulatory changes, government policies and political conditions, interest rate changes, labour market conditions, availability of financing and an outbreak of epidemic diseases in Hong Kong have a significant impact on the Group's operating results and financial conditions. For instance, profitability of property development business may be affected due to deteriorating economic conditions or intense competition from other developers and property owners. The government may introduce property cooling measures from time to time, which may have a significant bearing on the property market and adversely affect the Group's property sales performance, and financial condition. Launch of new property projects may be affected as a result of the outbreak of epidemic diseases. Further growth of the Group's property development business may also be impacted by the supply and price levels of land in Hong Kong.

Rental levels in Hong Kong are subject to competition arising from supply in the primary sector. In addition to the economic and market conditions mentioned above, other domestic and external economic and political factors including but not limited to supply and demand conditions, and stock market performance may affect the Group's property investment business. Retail rent levels may also be affected as a result of the outbreak of epidemic diseases.

Risks Pertaining to the Property Market in Mainland China

The Group has material interests in residential and commercial property development and property investment in Mainland China and is therefore subject to the risks associated with China's property market. The Group's operations in Mainland China may also be exposed to the risks of policy changes, currency fluctuation, interest rate changes, demand-supply imbalance, changes in the overall economic conditions, competition in the labour market, availability of financing and an outbreak of epidemic diseases, which may pose an adverse impact on the Group's business, financial condition or results of operations.

Operational Risks

The Group's operation is subject to a number of risk factors distinctive to property development, property investment, and property related businesses. Default on the part of our buyers, tenants and strategic business partners, inadequacies or failures of internal processes, people and systems, leakage of sensitive information by hacking or accidents, inadequate responses to negative events which may have adverse impact on reputation, an outbreak of epidemic diseases or other external factors may have various levels of negative impact on the results of operations. Additionally, accidents may happen despite systems and policies set up for their prevention, which may lead to financial loss, litigation, or damage in reputation.

Mitigating Principal Risks Faced by the Group

The risk management and internal control systems have been designed to operate proactively to ensure that principal risks are not only identified, measured and monitored but also mitigated. Under such systems, management staff of various departments would identify suitable internal controls and countermeasures to mitigate principal risks faced by the Group. When formulating mitigating measures, important factors such as regulatory requirements, risk appetite, adequacy and effectiveness of mitigating actions proposed, risk owners in place to implement and availability to transfer risks to third parties were taken into consideration. The objective of these risk mitigating plans is to ensure that principal risks are well managed and governed effectively.

In addition, the Group set up a crisis management taskforce to coordinate, respond to and tackle ad hoc events in an effective manner. Led by two Deputy Managing Directors, the taskforce comprises senior management members of major business units. Apart from handling key issues or risks, the taskforce at present focuses on monitoring the latest development of the pandemic and providing advice on taking necessary measures with timely reviews to ensure their effectiveness.

Past Performance and Forward-Looking Statements

The performance and the results of operation of the Group as set out in this annual report are historical in nature and past performance is not a guarantee of future performance. This annual report may contain forward-looking statements and opinions that involve risks and uncertainties. Actual result may also differ materially from expectations discussed in such forward-looking statements and opinions. Neither the Group nor the Directors, employees or agents of the Group assume (i) any obligations to correct or update the forward-looking statements or opinions contained in this annual report; and (ii) any obligations or liabilities in the event that any of the forward-looking statements or opinions does not materialize or turns out to be incorrect.

Effectiveness of Risk Management and Internal Control Systems

During the year ended 30 June 2020, the Risk Management Steering Committee has worked with major department and senior management to enhance the risk management and internal control systems. Activities included updating the risk assessment templates to include risk predictors (which are critical predictors of unfavourable events that can adversely impact individual departments concerned), and providing risk training to and maintaining ongoing interactive dialogues with the departments. It has also reviewed the major risks for operations in Hong Kong and Mainland China.

The Group's Internal Audit Department, which has been established for more than 25 years, performs independent appraisal of the adequacy and effectiveness of the Group's risk management and internal control systems. The department has direct access to the Audit and Risk Management Committee and has rights to access all records, assets and personnel as stipulated in the Internal Audit Charter. The department follows a risk-based approach to formulate the audit plan that focuses on the top risks identified. The risks for departments and business units are assessed using the pre-determined risk criteria. The assessment results are consolidated and ranked from an enterprise-wide perspective. The Audit and Risk Management Committee reviews and approves annually the audit plan, which is formulated based on the risk assessment result. Summaries of major audit findings and control weaknesses, if any, are reviewed by the Audit and Risk Management Committee. The department monitors the follow-up actions agreed upon in response to recommendations.

The Board through the Audit and Risk Management Committee reviewed the risk assessment results, and the risk management and internal control systems of the Group for the year ended 30 June 2020, including financial, operational and compliance controls. The review includes considering the internal control evaluations conducted by executive management and the internal and external auditors as well as the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions. Based on the result of the review, the Board considered that for the year ended 30 June 2020, the risk management and internal control systems of the Group were effective and adequate.

Shareholder Relations

The Board established a shareholders' communication policy setting out the principles of the Company in relation to shareholders' communications, with the objective of ensuring that its communications with the shareholders are timely, transparent, accurate and open. Information would be communicated to the shareholders mainly through the Company's corporate communications (such as interim and annual reports, announcements and circulars) and AGMs, as well as disclosure on the website of the Company.

The Company has also adopted a dividend policy which aims to provide shareholders of the Company with a sustainable dividend and to pay out 40% to 50% of the underlying net profit of the Group. In determining the dividend amount, the Board will take into account a number of factors such as the Group's financial performance, future capital expenditures and financial position as well as the general economic and business conditions. The policy will be reviewed from time to time so as to keep in line with the future prospects and capital requirements of the Group and the changes in market conditions.

Interim reports, annual reports and circulars are sent to the shareholders in a timely manner and are also available on the websites of the Company and HKEX. The Company's website provides shareholders with its corporate information, such as its principal business activities and major property projects, the development of corporate governance and the sustainable development of the Group. For efficient communication with shareholders and in the interest of environmental protection, arrangements are made to allow shareholders to elect to receive corporate communications of the Company by electronic means through the Company's website.

Shareholders are provided with contact details of the Company, such as telephone hotline, fax number, email address and postal address, in order to enable them to make any queries that they may have with respect to the Company. They can also send their enquiries to the Board through these means. In addition, shareholders can contact the share registrar of the Company if they have any enquiries about their shareholdings and entitlements to dividend.

The Company is committed to protecting the privacy right on all personal data collected from shareholders. When collecting personal data from the shareholders, the Company will specify in the relevant documents the purpose of collection and the use of personal data etc. Contact details are also provided to the shareholders for accessing and correcting their personal data.

The AGM allows the Directors to meet and communicate with shareholders. The Company ensures that shareholders' views are communicated to the Board. The chairman of the AGM proposes separate resolutions on each substantially separate matter to the shareholders for their consideration and approval. Members of the Audit and Risk Management, Remuneration and Nomination Committees and the external auditor also attend the AGM to answer questions from shareholders. Simultaneous interpretation is provided to facilitate smooth and direct communication between shareholders and Directors.

AGM proceedings are reviewed from time to time to ensure that the Company follows good corporate governance practices. The notice of AGM is distributed to all shareholders at least 20 clear business days prior to the AGM and the accompanying circular also sets out details of each proposed resolution and other relevant information as required to be disclosed under the Listing Rules. The chairman of the AGM exercises his power under the Articles of Association to put each proposed resolution to the vote by way of a poll. The procedures for conducting a poll are explained at the meeting prior to the polls being taken and the share registrar of the Company acts as the scrutineer for the vote-taking at the meeting. Voting results are available on the websites of the Company and HKEX on the day of the AGM.

The 2019 AGM was held on 7 November 2019 at the Company's headquarters with a strong participation by the shareholders. Businesses transacted at the 2019 AGM included the adoption of audited consolidated financial statements, the approval of final dividend, the re-election of Directors and fixing of the Directors' fees, the re-appointment of auditor, and the renewal of general mandates with respect to the buy-back of shares and the issue of new shares.

The attendance records of the Directors at the 2019 AGM are set out below:

Directors	AGM attended
Executive Directors	
Kwok Ping-luen, Raymond	✓
Wong Chik-wing, Mike	✓
Lui Ting, Victor	✓
Kwok Kai-fai, Adam	✓
Kwok Kai-wang, Christopher	✓
Kwong Chun	×
Tung Chi-ho, Eric	✓
Fung Yuk-lun, Allen	✓
Non-Executive Directors	
Lee Shau-kee	×
Kwan Cheuk-yin, William	✓
Kwok Kai-chun, Geoffrey	✓
Independent Non-Executive Directors	
Yip Dicky Peter	×
Wong Yue-chim, Richard	×
Li Ka-cheung, Eric	✓
Fung Kwok-lun, William	✓
Leung Nai-pang, Norman	✓
Leung Kui-king, Donald	✓
Leung Ko May-yee, Margaret	✓
Fan Hung-ling, Henry	✓
Wu Xiang-dong	×

Shareholder(s) holding at least 5% of the total voting rights of all the shareholders of the Company having a right to vote at general meetings can send a request to the Company to convene a general meeting pursuant to Section 566 of the Companies Ordinance. The request 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 must be authenticated by the relevant shareholder(s) and sent to the Company in hard copy form or in electronic form.

Besides, Section 615 of the Companies Ordinance provides that (i) shareholder(s) representing at least 2.5% of the total voting rights of all shareholders of the Company who have a right to vote on the resolution at the AGM; or (ii) at least 50 shareholders who have a right to vote on the resolution at the AGM may request the Company to circulate a notice of a resolution for consideration at the AGM. Such request must identify the resolution to be moved at the AGM and must be authenticated by the relevant shareholder(s) and sent to the Company in hard copy form or in electronic form not later than six weeks before the relevant AGM or if later, the time when the notice of the AGM is despatched.

During the year ended 30 June 2020, no amendment was made to the Articles of Association. The latest version of the Articles of Association is available on the websites of the Company and HKEX.

Directors' Report

The Directors are pleased to present their report together with the consolidated financial statements of the Group for the year ended 30 June 2020.

Principal Activities

The principal activity of the Company is investment holdings.

The principal activities of the Group are the development of and investment in properties for sale and rent, hotel operations, telecommunications, transport infrastructure and logistics, and data centre operations. Other ancillary and supporting businesses, which are described under principal subsidiaries, joint ventures and associates on pages 228 to 236, are integrated with the main business of the Group. An analysis of the Group's performance for the year by reportable and operating segments in business operation and geographical area is set out in note 4 to the consolidated financial statements.

Business Review

A fair review of the Group's business, an indication of its likely future development and an analysis of it using financial key performance indicators as well as particulars of important events affecting the Group that have occurred since the end of the year ended 30 June 2020 (if any) are discussed in the "Financial Highlights and Land Bank", "Group Financial Summary", "Chairman's Statement", "Business Model and Strategic Direction", "Review of Operations" and "Financial Review" sections on pages 4 to 91. A description of the principal risks and uncertainties facing the Group is set out in the "Corporate Governance Report" on pages 116 and 117. An account of the Group's key relationships with its stakeholders and a discussion on the Group's environmental policies and performance are included in the "Investor Relations" and "Sustainable Development" sections on pages 92 to 101 and the standalone Sustainability Report. The above discussions form part of this report.

The Residential Properties (First-hand Sales) Ordinance regulates the sales of first-hand uncompleted and completed 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 this ordinance in relation to sales brochures, price lists, show flats, disclosure of transaction information, advertisements, sales arrangements, and mandatory provisions for preliminary agreement for sale and purchase and agreement for sale and purchase for the sales of first-hand residential properties, not only through established internal procedures, but also by engaging external professional advisors including architects, surveyors and solicitors in checking the accuracy of the information contained in the relevant documents made available to the public in connection with such sales.

In relation to human resources, the Group is committed to complying with the requirements of the Personal Data (Privacy) Ordinance, and ordinances relating to disability, sex, family status and race discrimination, as well as the Employment Ordinance, the Minimum Wage Ordinance and ordinances relating to occupational safety of employees of the Group, so as to safeguard the interests and well-being of its employees.

The Group is also committed to safeguarding the security of personal data. When collecting and processing such data, the Group complies with the Personal Data (Privacy) Ordinance and the guidelines issued by the Office of the Privacy Commissioner for Personal Data, with a view to protecting the privacy of its employees, customers, tenants and purchasers of its properties, members of the SHKP Club and owners of properties under its management.

On the corporate level, the Group complies with the requirements under the Companies Ordinance, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Securities and Futures Ordinance (the "SFO") for, among other things, the disclosure of information and corporate governance matters, and the Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

Group Profits

Profit after taxation for the year ended 30 June 2020, including share of results from joint ventures and associates, amounted to HK$24,314 million (2019: HK$46,009 million). After taking perpetual capital securities holders' interests and non-controlling interests into account, profit attributable to the Company's shareholders was HK$23,521 million (2019: HK$44,912 million).

Dividends

An interim dividend of HK$1.25 per share (2019: HK$1.25 per share) was paid on 19 March 2020. The Board of Directors of the Company (the "Board") has recommended a final dividend of HK$3.70 per share (2019: HK$3.70 per share), making a total dividend of HK$4.95 per share for the full year ended 30 June 2020 (2019: HK$4.95 per share).

The proposed final dividend, if approved at the forthcoming annual general meeting of the Company to be held on Thursday, 5 November 2020 (the "2020 Annual General Meeting"), will be payable in cash on Thursday, 19 November 2020 to the shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company on Wednesday, 11 November 2020. Shares of the Company will be traded ex-dividend as from Monday, 9 November 2020.

Shares Issued

During the year, 164,500 shares (2019: 609,500 shares) of the Company were issued and allotted as fully paid shares for a total consideration of HK$18 million (2019: HK$64 million) as a result of the exercise of share options under the share option scheme of the Company.

Details of the shares issued by the Company during the year are shown in note 30 to the consolidated financial statements and on page 166 respectively.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2020.

Reserves

Movements in the reserves of the Company and the Group during the year are shown in note 33 to the consolidated financial statements and on page 166 respectively.

Investment Properties, and Property, Plant and Equipment

Movements in investment properties, and in property, plant and equipment during the year are shown in notes 13 and 14 to the consolidated financial statements respectively.

Directors' Report

Group Financial Summary

The results, assets and liabilities of the Group for the last five financial years are summarized on page 6.

Development and Investment Properties

Particulars of major development and investment properties in Hong Kong held by the Group are set out on pages 36 and 37, and pages 48 and 49 respectively; and particulars of major development and investment properties in Mainland China held by the Group are set out on pages 62 and 63, and pages 72 and 73 respectively.

Directors

The list of Directors and their biographical information are set out on page 2, and pages 143 to 153 respectively.

During the year, Sir Po-shing Woo resigned as a Non-Executive Director of the Company and Mr. Woo Ka-biu, Jackson ceased to be his alternate, both with effect from 31 August 2019. Mr. Wu Xiang-dong was appointed as an Independent Non-Executive Director of the Company with effect from 1 September 2019. All other Directors held office for the whole year.

In accordance with Article 103(A) of the Company's articles of association (the "Articles of Association"), Dr. Lee Shau-kee, Mr. Yip Dicky Peter, Professor Wong Yue-chim, Richard, Dr. Fung Kwok-lun, William, Dr. Leung Nai-pang, Norman, Mr. Leung Kui-king, Donald, Mr. Fan Hung-ling, Henry, Mr. Kwan Cheuk-yin, William, Mr. Lui Ting, Victor and Mr. Fung Yuk-lun, Allen will retire from office at the 2020 Annual General Meeting. Dr. Lee Shau-kee and Mr. Leung Kui-king, Donald have informed the Company that they will not seek re-election while the remaining retiring Directors, being eligible, have offered themselves for re-election at the 2020 Annual General Meeting. Mr. Yip Dicky Peter, Professor Wong Yue-chim, Richard and Dr. Fung Kwok-lun, William, all Independent Non-Executive Directors, have served the Company for more than nine years. Pursuant to the Corporate Governance Code of the Listing Rules, their re-election will be subject to separate resolutions to be approved at the 2020 Annual General Meeting.

None of the above Directors proposed for re-election has a service agreement with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

The Company has received from each Independent Non-Executive Director a confirmation of his or her independence pursuant to the independence guidelines under the Listing Rules, and considers that all the Independent Non-Executive Directors are independent.

The list of directors who have served on the boards of the subsidiaries of the Company during the year and up to the date of this report is kept at the registered office of the Company and available for inspection by the Shareholders during office hours.

Directors' and Chief Executives' Interests

As at 30 June 2020, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code set out in Appendix 10 to the Listing Rules as adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

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

	Number of shares held							
Name of Director	**Personal interests (held as beneficial owner)**	**Family interests (interests of spouse or child under 18)**	**Corporate interests (interests of controlled corporation)**	**Other interests**	**Sub-total**	**Number of underlying shares held under equity derivatives**	**Total**	**% of issued voting shares as at 30.06.2020**
Kwok Ping-luen, Raymond	188,743	70,000[1]	–	526,796,686[2&8]	527,055,429	–	527,055,429	18.19
Lee Shau-kee	526,868	–	61,533,000[3]	–	62,059,868	–	62,059,868	2.14
Wong Chik-wing, Mike	497,695	–	–	–	497,695	–	497,695	0.02
Lui Ting, Victor	160,000	–	–	–	160,000	–	160,000	0.01
Wong Yue-chim, Richard	5,000	1,000[1]	–	–	6,000	–	6,000	0.00
Li Ka-cheung, Eric	–	4,028[1]	–	–	4,028	–	4,028	0.00
Fung Kwok-lun, William	220,000	9,739[1]	–	–	229,739	–	229,739	0.01
Leung Nai-pang, Norman	–	10,833[1]	–	–	10,833	–	10,833	0.00
Leung Kui-king, Donald	–	2,000[1]	–	–	2,000	–	2,000	0.00
Leung Ko May-yee, Margaret	15,372	–	–	–	15,372	–	15,372	0.00
Kwok Kai-chun, Geoffrey	–	–	–	648,348,872[5,6,8&9]	648,348,872	–	648,348,872	22.37
Kwok Kai-fai, Adam	–	–	32,000[4]	654,125,747[7,8&9]	654,157,747	–	654,157,747	22.57
Kwok Kai-wang, Christopher	110,000[10]	60,000[1]	–	653,750,101[2,8&9]	653,920,101	–	653,920,101	22.57
Kwong Chun	762,722	339,358[1]	–	–	1,102,080	–	1,102,080	0.04
Kwok Ho-lai, Edward *(Alternate Director to Kwok Ping-luen, Raymond)*	32,000	–	–	653,750,101[2,8&9]	653,782,101	–	653,782,101	22.56

Notes:

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

2. *Messrs. Kwok Ping-luen, Raymond, Kwok Kai-wang, Christopher and Kwok Ho-lai, Edward were deemed to be interested in 526,796,686 shares in the Company by virtue of them being beneficiaries of certain discretionary trusts for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated amongst them.*

3. *Dr. Lee Shau-kee was deemed to be interested in 61,533,000 shares in the Company held by Kinnox Investment Limited ("Kinnox"). Kinnox was wholly-owned by Financial Enterprise Investments Limited which was wholly-owned by Shau Kee Financial Enterprises Limited ("SK Financial"). Lee Financial (Cayman) Limited ("Lee Financial") as trustee of a unit trust owned all the issued shares of SK Financial. Leeworld (Cayman) Limited ("Leeworld") and Leesons (Cayman) Limited ("Leesons") as respective trustees of two discretionary trusts held units in this unit trust. The entire issued share capital of Lee Financial, Leeworld and Leesons were owned by Dr. Lee Shau-kee. He was taken to be interested in 61,533,000 shares in the Company held by Kinnox for the purpose of Part XV of the SFO.*

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

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

6. *Mr. Kwok Kai-chun, Geoffrey was also deemed to be interested in 310,221,561 shares in the Company by virtue of him being a beneficiary of a discretionary trust for the purpose of Part XV of the SFO.*

7. *Mr. Kwok Kai-fai, Adam was deemed to be interested in 527,172,332 shares in the Company by virtue of him being a beneficiary of certain discretionary trusts for the purpose of Part XV of the SFO.*

8. *Of the said 526,796,686 shares, 310,221,561 shares and 527,172,332 shares in the Company as stated in Notes 2, 6 and 7 above respectively, Messrs. Kwok Ping-luen, Raymond, Kwok Kai-fai, Adam, Kwok Kai-wang, Christopher, Kwok Kai-chun, Geoffrey and Kwok Ho-lai, Edward were deemed to be interested in 79,038,723 shares in the Company by virtue of them being beneficiaries of certain discretionary trusts for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated amongst them.*

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

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

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

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

Name of Director	Number of shares held: Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Other interests	Sub-total	Number of underlying shares held under equity derivatives[1]	Total	% of issued voting shares as at 30.06.2020
Kwok Ping-luen, Raymond	–	–	3,485,000[2&3]	3,485,000	–	3,485,000	0.15
Wong Chik-wing, Mike	218,000	–	–	218,000	–	218,000	0.01
Lui Ting, Victor	356	–	–	356	–	356	0.00
Leung Nai-pang, Norman	41,000	142[4]	–	41,142	–	41,142	0.00
Leung Ko May-yee, Margaret	1,000	2,000[4]	–	3,000	–	3,000	0.00
Kwok Kai-chun, Geoffrey	–	–	11,927,658[2&5]	11,927,658	–	11,927,658	0.51
Kwok Kai-fai, Adam	–	–	11,927,658[2&5]	11,927,658	–	11,927,658	0.51
Kwok Kai-wang, Christopher	–	–	13,272,658[2,3&5]	13,272,658	–	13,272,658	0.57
Kwong Chun	600,000	–	–	600,000	–	600,000	0.03
Fung Yuk-lun, Allen	–	–	–	–	8,000,000	8,000,000	0.34
Kwok Ho-lai, Edward *(Alternate Director to Kwok Ping-luen, Raymond)*	–	–	13,272,658[2,3&5]	13,272,658	–	13,272,658	0.57

Notes:

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

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

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

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

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

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

	Number of shares held						
Name of Director	**Personal interests (held as beneficial owner)**	**Corporate interests (interests of controlled corporation)**	**Other interests**	**Sub-total**	**Number of underlying shares held under equity derivatives**	**Total**	**% of issued voting shares as at 30.06.2020**
Kwok Ping-luen, Raymond	–	–	5,162,337[1]	5,162,337	–	5,162,337	0.46
Lee Shau-kee	–	546,000[2]	–	546,000	–	546,000	0.05
Kwok Kai-chun, Geoffrey	–	–	6,849,161[3]	6,849,161	–	6,849,161	0.61
Kwok Kai-fai, Adam	–	–	6,849,161[3]	6,849,161	–	6,849,161	0.61
Kwok Kai-wang, Christopher	–	–	12,011,498[1&3]	12,011,498	–	12,011,498	1.07
Fung Yuk-lun, Allen	437,359	–	–	437,359	–	437,359	0.04
Kwok Ho-lai, Edward *(Alternate Director to Kwok Ping-luen, Raymond)*	–	–	12,011,498[1&3]	12,011,498	–	12,011,498	1.07

Notes:

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

2. *Dr. Lee Shau-kee was deemed to be interested in 546,000 shares in SmarTone held by Good Treasure Limited ("Good Treasure"). Good Treasure was wholly-owned by Financial Enterprise Group Limited, which was a wholly-owned subsidiary of Furnline Limited. Furnline Limited was wholly-owned by Jetwin International Limited ("Jetwin"). Triton (Cayman) Limited ("Triton") as trustee of a unit trust owned all the issued shares of Jetwin. Victory (Cayman) Limited ("Victory") and Triumph (Cayman) Limited ("Triumph") as respective trustees of two discretionary trusts held units in this unit trust. The entire issued share capital of Triton, Victory and Triumph were owned by Dr. Lee Shau-kee. He was taken to be interested in 546,000 shares in SmarTone held by Good Treasure for the purpose of Part XV of the SFO.*

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

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

	Number of shares held				
Name of Director	**Personal interests (held as beneficial owner)**	**Sub-total**	**Number of underlying shares held under equity derivatives**	**Total**	**% of issued voting shares as at 30.06.2020**
Kwok Ping-luen, Raymond	509,523[1]	509,523	–	509,523	0.11
Lui Ting, Victor	300,000	300,000	–	300,000	0.07

Note:

1. *Of these shares in Transport International, 505,479 shares were held jointly with the spouse of Mr. Kwok Ping-luen, Raymond.*

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

Name of associated corporation	Actual shares held through corporation	Actual % of interests in issued voting shares as at 30.06.2020
Splendid Kai Limited	2,500[1]	25.00
Hung Carom Company Limited	25[1]	25.00
Tinyau Company Limited	1[1]	50.00
Open Step Limited	8[1]	80.00
Vivid Synergy Limited	1,204,421,125[2]	25.00

Notes:

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

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

   On 29 April 2020, a sale and purchase agreement was entered into by Somerpath International Limited ("Somerpath"), which is held indirectly under the Discretionary Trusts, with various parties for selling 5% interest in Vivid Synergy Limited at HK$1,878,896,961.22 plus reimbursement of the costs of funding therefor (the "Transaction"). The said agreement is a conditional agreement, completion of which subsequently took place on 21 July 2020 in accordance with the terms and conditions set out therein.

   On 3 June 2020, the number of issued shares held by all members of Vivid Synergy Limited (including Somerpath) increased on a pro-rata basis after a capitalisation issue by Vivid Synergy Limited. Messrs. Kwok Ping-luen, Raymond, Kwok Kai-fai, Adam, Kwok Kai-wang, Christopher, Kwok Kai-chun, Geoffrey and Kwok Ho-lai, Edward were then deemed to be interested in 1,204,421,125 shares in Vivid Synergy Limited by virtue of them being beneficiaries of the Discretionary Trusts for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated amongst them.

   On 21 July 2020, the Transaction was completed and Messrs. Kwok Ping-luen, Raymond, Kwok Kai-fai, Adam, Kwok Kai-wang, Christopher, Kwok Kai-chun, Geoffrey and Kwok Ho-lai, Edward were deemed to be interested in 963,536,900 shares (representing 20% of the interests in issued voting shares of Vivid Synergy Limited) by virtue of them being beneficiaries of the Discretionary Trusts for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated amongst them.

(e) Dr. Lee Shau-kee had corporate interests in shares of the following associated corporations:

Name of associated corporation	Total number of shares held	% of issued voting shares as at 30.06.2020
Anbok Limited	2[1]	50.00
Billion Ventures Limited	1[2]	50.00
Central Waterfront Property Holdings Limited	100[3]	100.00
Central Waterfront Property Investment Holdings Limited	50[4]	50.00
CWP Limited	1[5]	50.00
Daily Win Development Limited	100[6]	25.00
E Man-Sanfield JV Construction Company Limited	1[7]	50.00
Everise (H.K.) Limited	1[8]	50.00
Fullwise Finance Limited	2[1]	50.00
Gold Sky Limited	1[9]	50.00
Jade Land Resources Limited	1[10]	25.00
Karnold Way Limited	2,459[11]	24.59
Maxfine Development Limited	3,050[12]	33.33
Metro Trade International Limited	16[6]	26.67
Royal Peninsula Management Service Company Limited	1[13]	50.00
Special Concept Development Limited	1[10]	25.00
Star Play Development Limited	1[14]	33.33
System Link Development Limited	2[15]	50.00
Tartar Investments Limited	300[16]	30.00
Teamfield Property Limited	4,918[17]	49.18
Topcycle Development Limited	1[18]	50.00
World Space Investment Limited	4,918[17]	49.18

Notes:

1. *Dr. Lee Shau-kee was deemed to be interested in two shares held by Everise (H.K.) Limited which was 50% held by Masterland Limited ("Masterland").*

2. *Dr. Lee Shau-kee was deemed to be interested in one share held by Chico Investment Limited ("Chico").*

3. *Dr. Lee Shau-kee was deemed to be interested in 100 shares held by Central Waterfront Property Investment Holdings Limited which was 34.21% held by Starland International Limited ("Starland").*

4. *Dr. Lee Shau-kee was deemed to be interested in a total of 50 shares of which 34.21 shares were held by Starland and 15.79 shares were held by Prominence Properties Limited ("Prominence Properties") which was wholly-owned by The Hong Kong and China Gas Company Limited ("HK China Gas"). HK China Gas was 41.53% held by Henderson Land Development Company Limited ("Henderson Land"), which in turn was taken to be 72.44% held by Henderson Development Limited ("Henderson Development"). Hopkins (Cayman) Limited ("Hopkins") as trustee of a unit trust owned all the issued ordinary shares of Henderson Development. Rimmer (Cayman) Limited ("Rimmer") and Riddick (Cayman) Limited ("Riddick") as respective trustees of two discretionary trusts held units in this unit trust. The entire issued share capital of Hopkins, Rimmer and Riddick were owned by Dr. Lee Shau-kee. He was taken to be interested in a total of 50 shares held by Starland and Prominence Properties for the purpose of Part XV of the SFO.*

5. *Dr. Lee Shau-kee was deemed to be interested in one share held by Starland.*

6. *Dr. Lee Shau-kee was deemed to be interested in 100 shares in Daily Win Development Limited and 16 shares in Metro Trade International Limited respectively held by Citiright Development Limited ("Citiright").*

7. *Dr. Lee Shau-kee was deemed to be interested in one share held by E Man Construction Company Limited.*

8. *Dr. Lee Shau-kee was deemed to be interested in one share held by Masterland.*

9. *Dr. Lee Shau-kee was deemed to be interested in one share held by Atex Resources Limited which was wholly-owned by Mightymark Investment Limited.*

10. *Dr. Lee Shau-kee was deemed to be interested in one share held by Citiplus Limited.*

11. *Dr. Lee Shau-kee was deemed to be interested in 2,459 shares held by Chico.*

12. *Dr. Lee Shau-kee was deemed to be interested in 3,050 shares held by Quickcentre Properties Limited, a wholly-owned subsidiary of Henderson (China) Investment Company Limited which in turn was wholly-owned by Andcoe Limited. Andcoe Limited was a wholly-owned subsidiary of Henderson China Holdings Limited which was wholly-owned by Brightland Enterprises Limited.*

13. *Dr. Lee Shau-kee was deemed to be interested in one share held by Well Born Real Estate Management Limited.*

14. *Dr. Lee Shau-kee was deemed to be interested in one share held by Benewick Limited which was wholly-owned by Dorway Investment Limited.*

15. *Dr. Lee Shau-kee was deemed to be interested in two shares held by Mightymark Investment Limited.*

16. *Dr. Lee Shau-kee was deemed to be interested in 300 shares held by Kenforce Investment Limited which was wholly-owned by Henderson China Properties Limited.*

17. *Dr. Lee Shau-kee was deemed to be interested in 4,918 shares held by Billion Ventures Limited which was 50% held by Chico.*

18. *Dr. Lee Shau-kee was deemed to be interested in one share held by Dandy Investments Limited.*

19. *Masterland, Chico, Starland, Citiright and companies mentioned in Notes 7, 9, 10, 12 to 16 and 18 above were wholly-owned subsidiaries of Henderson Land. Dr. Lee Shau-kee was taken to be interested in Henderson Land as set out in Note 4 above.*

Save as disclosed above, as at 30 June 2020, none of the Directors and chief executives of the Company were, under Divisions 7 and 8 of Part XV of the SFO, taken to be interested or deemed to have any other interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations that were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO, or that were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Option Schemes

1. Share option scheme of the Company

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

During the year ended 30 June 2020, no share options were granted under the Scheme. The movements of the outstanding share options granted under the Scheme during the year ended 30 June 2020 were as follows:

				Number of share options					
Grantees	Date of grant	Exercise price per share (HK$)	Exercise period[1]	Balance as at 01.07.2019	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	Balance as at 30.06.2020	Closing price per share (HK$)
Employees	11.07.2014	106.80	11.07.2015 to 10.07.2019	164,500	–	(164,500)	–	–	133.82[2]
Total				164,500	–	(164,500)	–	–	

Notes:

1. *The share options can be exercised up to 30% of the grant from the first anniversary of the date of grant, up to 60% of the grant from the second anniversary of the date of grant, and in whole or in part of the grant from the third anniversary of the date of grant.*

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

3. *The accounting policy adopted for the share options is set out in note 3(w) to the consolidated financial statements.*

Save as disclosed above, there were no outstanding share options granted under the Scheme during the year ended 30 June 2020.

The major terms of the Scheme, in conjunction with the requirements of Chapter 17 of the Listing Rules, are as follows:

1. The purpose of the Scheme is to attract and retain the best quality personnel for the development of the Company's businesses, to provide additional incentives to the employees of the Company or any of its subsidiaries, and to promote the long term financial success of the Company by aligning the interests of the grantees to the Shareholders.

2. The participants of the Scheme are the employees of the Company or any of its subsidiaries (including any Executive Directors of the Company or any of its subsidiaries) as the Board may in its absolute discretion select.

3. The total number of shares of the Company which may be issued upon exercise of all share options to be granted under the Scheme and any other schemes of the Company must not in aggregate exceed 10% of the shares of the Company in issue on the date of adoption of the Scheme. The 10% limit may be refreshed with the approval by ordinary resolution of the Shareholders.

   The maximum number of shares of the Company which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Scheme and any other schemes of the Company must not exceed 30% of the shares of the Company in issue from time to time. As at 10 September 2020, the number of shares of the Company available for issue in respect thereof was 252,464,604 shares, representing approximately 8.71% of the issued shares of the Company.

4. The total number of shares of the Company issued and to be issued upon exercise of share options (whether exercised or outstanding) granted under the Scheme in any 12-month period to each grantee must not exceed 1% of the shares of the Company in issue.

5. The exercise period of any share option granted under the Scheme shall be determined by the Board but such period must not exceed ten years from the date of grant of the relevant share option.

6. The Scheme does not specify any minimum holding period but the Board has the authority to determine the minimum period for which a share option in respect of some or all of the shares forming the subject of the share options must be held before it can be exercised.

7. The acceptance of an offer of the grant of share options must be made within 28 days from the date of offer with a non-refundable payment of HK$1.00 from each grantee.

8. The exercise price of a share option to subscribe for shares of the Company shall not be less than the following prices, whichever is higher:

   - the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and

   - the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.

9. The Scheme shall be valid and effective for a period of ten years commencing on the adoption of the Scheme on 15 November 2012.

2. *Share option schemes of the subsidiaries*

(I) SUNeVision

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

During the year ended 30 June 2020, SUNeVision granted 12,950,000 share options under the SUNeVision Scheme on 17 June 2020. Particulars of the outstanding share options granted under the SUNeVision Scheme and their movements during the year ended 30 June 2020 were as follows:

				Number of share options						
Grantees	Date of grant	Exercise price per share (HK$)	Exercise period[1]	Balance as at 01.07.2019	Reclassification during the year[2]	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	Balance as at 30.06.2020	Closing price per share (HK$)
(i) Directors of SUNeVision										
Fung Yuk-lun, Allen	08.03.2016	2.45	08.03.2017 to 07.03.2021	4,000,000	–	–	–	–	4,000,000	N/A
	22.05.2019	6.688	22.05.2020 to 21.05.2024	4,000,000	–	–	–	–	4,000,000	N/A
Other directors of SUNeVision	08.03.2016	2.45	08.03.2017 to 07.03.2021	N/A	1,390,000	–	(390,000)	–	1,000,000	5.39[3]
	19.06.2018	5.048	19.06.2019 to 18.06.2023	4,000,000	1,500,000	–	–	–	5,500,000	N/A
	22.05.2019	6.688	22.05.2020 to 21.05.2024	N/A	3,000,000	–	–	–	3,000,000	N/A
(ii) Other employees of SUNeVision	08.03.2016	2.45	08.03.2017 to 07.03.2021	4,485,000	(1,390,000)	–	(2,190,000)	–	905,000	6.04[3]
	19.06.2018	5.048	19.06.2019 to 18.06.2023	2,805,000	–	–	(30,000)	(70,000)	2,705,000	5.85[3]
	22.05.2019	6.688	22.05.2020 to 21.05.2024	5,840,000	(2,000,000)	–	–	(100,000)	3,740,000	N/A
	17.06.2020	5.39	17.06.2021 to 16.06.2025	N/A	–	10,700,000	–	–	10,700,000	5.46[4]
	17.06.2020	5.39	01.07.2021 to 16.06.2025	N/A	–	500,000	–	–	500,000	5.46[4]
	17.06.2020	5.39	02.09.2021 to 16.06.2025	N/A	–	600,000	–	–	600,000	5.46[4]
	17.06.2020	5.39	08.10.2021 to 16.06.2025	N/A	–	150,000	–	–	150,000	5.46[4]
(iii) Other participants of the SUNeVision Scheme	19.06.2018	5.048	19.06.2019 to 18.06.2023	1,500,000	(1,500,000)	–	–	–	–	N/A
	22.05.2019	6.688	22.05.2020 to 21.05.2024	1,400,000	(1,000,000)	–	–	(400,000)	–	N/A
	17.06.2020	5.39	17.06.2021 to 16.06.2025	N/A	–	1,000,000	–	–	1,000,000	5.46[4]
Total				28,030,000	–	12,950,000	(2,610,000)	(570,000)	37,800,000	

Notes:

1. *The share options can be exercised up to 30% of the grant from the first anniversary of the date of grant, up to 60% of the grant from the second anniversary of the date of grant, and in whole or in part of the grant from the third anniversary of the date of grant (except that for the share options granted to certain employees of SUNeVision on 17 June 2020, such share options can be exercised up to 30% of the grant from the first anniversary of the date of completion of one year's employment of the respective employees (the "Date of Completion"), up to 60% of the grant from the second anniversary of the Date of Completion, and in whole or in part of the grant from the third anniversary of the Date of Completion).*

2. *Two persons were appointed as executive directors of SUNeVision with effect from 31 October 2019. As at the date of their appointments, they had interests in share options to subscribe for 3,390,000 shares and 2,500,000 shares of SUNeVision respectively. As a result of their appointments, their relevant share options were reclassified from the categories of "Other employees of SUNeVision" and "Other participants of the SUNeVision Scheme" to the category of "Other directors of SUNeVision".*

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

4. *This represented the closing price of the shares of SUNeVision immediately before the date on which the share options were granted.*

Save as disclosed above, there were no outstanding share options granted under the SUNeVision Scheme during the year ended 30 June 2020.

The fair values of the share options granted by SUNeVision were determined by using the Black-Scholes model which is one of the models to estimate the fair value of a share option. The total value of the share options granted during the year ended 30 June 2020 under the SUNeVision Scheme amounting to approximately HK$18,243,000 (2019: HK$19,391,000) was estimated based on the following variables and assumptions:

	Options granted during 2020	**Options granted during 2019**
Risk-free interest rate	0.37%[1]	1.56%
Expected volatility	37.70%[2]	32.68%
Expected dividend yield	3.06%[3]	2.27%
Expected life of the share options	5 years[4]	5 years

Notes:

1. *This represented the approximate yield of 5-year Exchange Fund Note traded on 17 June 2020.*

2. *This represented the annualized volatility of the closing price of the shares of SUNeVision in the year preceding the date of grant.*

3. *This represented the yield of the expected dividend, being the historical dividend of the shares of SUNeVision in the year preceding the date of grant.*

4. *This was based on the assumption that there was no material difference between the expected volatility over the whole life of the share options and the historical volatility of the shares of SUNeVision in the year preceding the date of grant.*

The value of a share option of SUNeVision varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of a share option of SUNeVision.

The major terms of the SUNeVision Scheme are as follows:

1. The purpose of the SUNeVision Scheme is to attract, retain and motivate talented participants to strive for future developments and expansion of the SUNeVision group and to provide SUNeVision with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the participants and for such other purposes as the board of SUNeVision may approve from time to time.

2. The participants of the SUNeVision Scheme include (i) any executive or non-executive directors (or any persons proposed to be appointed as such) or any employees (whether full-time or part-time) of each member of the SUNeVision group; (ii) any consultants, professional and other advisers to each member of the SUNeVision group (or persons, firms or companies proposed to be appointed for providing such services); (iii) any chief executives or substantial shareholders of SUNeVision; (iv) any associates of a director, chief executive or substantial shareholder of SUNeVision; and (v) any employees of the substantial shareholder of SUNeVision, provided that the board of SUNeVision shall have absolute discretion to determine whether or not one falls within the above categories.

3. The total number of shares of SUNeVision which may be issued upon exercise of all share options to be granted under the SUNeVision Scheme and any other share option schemes of SUNeVision shall not in aggregate exceed 10% of the total number of shares of SUNeVision in issue as at the date of approval of the SUNeVision Scheme by the shareholders of SUNeVision. The 10% limit may be refreshed with the approval of the shareholders of SUNeVision in general meeting. The maximum number of shares of SUNeVision which may be issued upon exercise of all outstanding options granted and yet to be exercised under the SUNeVision Scheme and any other share option schemes of SUNeVision must not exceed 30% of the total number of shares of SUNeVision in issue from time to time (or such higher percentage as may be allowed under the Listing Rules). As at 10 September 2020, the number of shares of SUNeVision available for issue under the SUNeVision Scheme was 224,592,953 shares, representing approximately 9.64% of the issued shares of SUNeVision.

4. The total number of shares of SUNeVision issued and to be issued upon exercise of the share options granted under the SUNeVision Scheme and any other share option schemes of SUNeVision to each participant (including exercised and outstanding share options) in any 12-month period shall not exceed 1% of the total number of shares of SUNeVision in issue.

5. A share option granted under the SUNeVision Scheme may be exercised at any time during the option period after the share option has been granted by the board of SUNeVision. A share option period is a period to be determined by the board of SUNeVision at its absolute discretion and notified by the board of SUNeVision to each grantee as being the period during which a share option may be exercised, such period shall not be longer than ten years from the date of grant of the share option.

6. Unless otherwise determined by the board of SUNeVision and specified in the offer letter at the time of the offer, there is neither any performance target that needs to be achieved by the grantee before a share option can be exercised nor any minimum period for which a share option must be held before the share option can be exercised.

7. The acceptance of an offer of the grant of the share options must be made within 28 days from the date of grant with a non-refundable payment of HK$1.00 from the grantee.

8. The exercise price of a share option to subscribe for shares of SUNeVision shall be at least the highest of:

   - the closing price of the shares of SUNeVision as stated in the Stock Exchange's daily quotations sheet on the date on which an offer is made to a participant, which must be a business day;

   - the average closing price of the shares of SUNeVision as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date on which an offer is made to a participant; and

   - the nominal value of the shares of SUNeVision.

9. The SUNeVision Scheme shall be valid and effective for a period of ten years commencing on the day on which the SUNeVision Scheme takes effect.

(II) SmarTone

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

During the year ended 30 June 2020, no share options were granted under the SmarTone Scheme. Particulars of the outstanding share options granted under the SmarTone Scheme and their movements during the year ended 30 June 2020 were as follows:

				Number of share options				
Grantee	**Date of grant**	**Exercise price per share (HK$)**	**Exercise period[1]**	**Balance as at 01.07.2019**	**Granted during the year**	**Exercised during the year**	**Cancelled/ Lapsed during the year**	**Balance as at 30.06.2020**
Director of SmarTone	25.07.2016	14.28	25.07.2017 to 24.07.2021	3,000,000	–	–	–	3,000,000
Total				3,000,000	–	–	–	3,000,000

Note:

1. *The share options can be exercised up to one-third of the grant from the first anniversary of the date of grant, up to two-thirds of the grant from the second anniversary of the date of grant, and in whole or in part of the grant from the third anniversary of the date of grant.*

Save as disclosed above, there were no outstanding share options granted under the SmarTone Scheme during the year ended 30 June 2020.

The major terms of the SmarTone Scheme, in conjunction with the requirements of Chapter 17 of the Listing Rules, are as follows:

1. The purpose of the SmarTone Scheme is to reward participants who have made a valuable contribution to the growth of the SmarTone group and to enable the SmarTone group to recruit and/or to retain employees who are regarded as valuable to the SmarTone group or are expected to be able to contribute to the business development of the SmarTone group.

2. Any employee, agent, consultant or representative of SmarTone or any of its subsidiaries, including any director of SmarTone or any of its subsidiaries, who has made valuable contribution to the growth of the SmarTone group based on his work experience, industry knowledge, performance, business connections or other relevant factors, will be eligible to participate in the SmarTone Scheme at the invitation of the directors of SmarTone.

3. SmarTone can issue share options so that the total number of shares of SmarTone that may be issued upon exercise of all share options to be granted under the SmarTone Scheme and any other share option schemes of SmarTone does not in aggregate exceed 10% of the shares of SmarTone in issue as at the date of adoption of the SmarTone Scheme. SmarTone may renew this limit at any time, subject to its shareholders' approval and the issue of a circular and in accordance with the Listing Rules provided that the number of shares to be issued upon exercise of all outstanding share options of SmarTone granted and yet to be exercised under all the share option schemes of SmarTone does not exceed 30% of the shares of SmarTone in issue from time to time. As at 10 September 2020, the number of shares of SmarTone available for issue in respect thereof was 102,761,185 shares which represented approximately 9.16% of the issued shares of SmarTone.

4. The maximum entitlement for any participant is that the total number of shares of SmarTone issued and to be issued upon exercise of share options granted and to be granted in any 12-month period up to the date of the latest grant does not exceed 1% of the relevant class of shares of SmarTone in issue.

5. The exercise period of any share option granted under the SmarTone Scheme shall be determined by the board of SmarTone but such period must not exceed ten years from the date of grant of the relevant share option.

6. The SmarTone Scheme does not specify any minimum holding period before the share option can be exercised but the board of SmarTone has the authority to determine the minimum holding period when the share options are granted.

7. Acceptance of offer to grant a share option shall be sent in writing together with a remittance in favour of SmarTone of HK$1.00 by way of consideration for the grant and must be received by the company secretary of SmarTone within 28 days from the date of the making of such offer.

8. The option price per share of SmarTone payable upon the exercise of any share option will be determined by the directors of SmarTone upon the grant of such share option. It shall be at least the highest of:

   - the average closing price of the shares of SmarTone as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the day of offer of such share option;

   - the closing price of the shares of SmarTone as stated in the Stock Exchange's daily quotations sheet on the day of offer of such share option, which must be a business day; and

   - the nominal value of a share of SmarTone.

9. The SmarTone Scheme shall be valid and effective for a period of ten years commencing from the adoption of the SmarTone Scheme on 2 November 2011.

Arrangement to Purchase Shares or Debentures

Other than the share option schemes as disclosed above, at no time during the year was the Company or any of its 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 of any other body corporate.

Equity-linked Agreements

Other than the share option scheme of the Company as disclosed above, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year.

Interests of Substantial Shareholders and Other Persons

As at 30 June 2020, substantial shareholders of the Company and other persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or which were notified to the Company, were as follows:

	Number of shares held				
	Personal interests (held as beneficial owner)	Corporate interests (interests of controlled corporation)	Other interests	Total	% of issued voting shares as at 30.06.2020
(i) Substantial shareholders					
HSBC Trustee (C.I.) Limited	–	–	989,538,008[1,2&3]	989,538,008	34.15
Kwong Siu-hing	25,024	–	772,587,237[1&3]	772,612,261	26.66
Adolfa Limited ("Adolfa")	231,182,838	79,038,723	–	310,221,561[3&4]	10.71
Bertana Limited ("Bertana")	231,182,838	79,038,723	–	310,221,561[3&5]	10.71
Cyric Limited ("Cyric")	231,182,838	79,038,723	–	310,221,561[3&6]	10.71
(ii) Other persons					
Credit Suisse Trust Limited	–	–	216,575,125[7]	216,575,125	7.47
Genesis Trust & Corporate Services Ltd.	–	–	211,173,896[8]	211,173,896	7.29
Kwok Kai-ho, Jonathan	–	–	211,173,896[8]	211,173,896	7.29
Thriving Talent Limited	193,245,095[2]	–	–	193,245,095	6.67
Thriving Talent Holdings Limited	–	193,245,095[2]	–	193,245,095	6.67
Rosy Result Limited	189,149,595[7]	–	–	189,149,595	6.53
Asporto Limited	187,357,707[8]	–	–	187,357,707	6.47

Notes:

1. *Madam Kwong Siu-hing was deemed to be interested in 772,587,237 shares in the Company by virtue of her being a founder and a beneficiary of certain discretionary trusts for the purpose of Part XV of the SFO. These shares formed part of the shares in the Company in which HSBC Trustee (C.I.) Limited was deemed to be interested by virtue of it being the trustee of certain discretionary trusts and were therefore duplicated between these two substantial shareholders.*

2. *In addition to the deemed interests as stated in Note 1 above, HSBC Trustee (C.I.) Limited was deemed to be interested in 216,950,771 shares in the Company by virtue of it being the trustee of a discretionary trust for the purpose of Part XV of the SFO. Of these shares, 193,245,095 shares represented the same interests held by Thriving Talent Limited (which was a wholly-owned subsidiary of Thriving Talent Holdings Limited) and were therefore duplicated amongst them.*

   The 216,950,771 shares in the Company as disclosed in the above paragraph were the same shares in the Company included in "other interests" of Mr. Kwok Kai-fai, Adam as disclosed in the table under the section headed "Directors' and Chief Executives' Interests" above, and were therefore duplicated between them.

3. *Of the respective shares in the Company held by Adolfa, Bertana and Cyric, 79,038,723 shares were held through corporations of which each of Adolfa, Bertana and Cyric was interested in one-third of the entire issued share capital. These 79,038,723 shares represented the same interests and were therefore duplicated amongst these companies. Further, the respective shares held by Adolfa, Bertana and Cyric formed part of the shares in the Company in which each of Madam Kwong Siu-hing and HSBC Trustee (C.I.) Limited was deemed to be interested.*

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

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

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

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

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

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

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

Save as disclosed above, as at 30 June 2020, there were no other persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or which were notified to the Company.

Emolument Policy and Long-term Incentive Schemes of the Group

As at 30 June 2020, the Group employed more than 39,500 employees. The related employees' costs before reimbursements for the year amounted to approximately HK$12,306 million. Compensation for the Group is made with reference to the market as well as individual performance and contributions. Extensive use of bonuses to link performance with reward is adopted. The Group also provides a comprehensive benefit package and career development opportunities, including retirement schemes, medical benefits, and both internal and external training appropriate to individual needs. Share option schemes are in place to provide appropriate long-term incentive to the key staff of the Group. Details of the share option schemes of the Group are set out in the section headed "Share Option Schemes".

Directors' Report

Basis of Determining Emolument to Directors

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

Permitted Indemnity

The Articles of Association provides that each 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 which he or she may sustain or incur in or about the execution of the duties of his or her office or otherwise in relation thereto. In addition, the Company has maintained appropriate directors and officers liability insurance in respect of relevant legal actions against the Directors.

Bank and Other Borrowings

Details of bank and other borrowings as at 30 June 2020 are set out in notes 24 and 27 to the consolidated financial statements.

Interest Capitalized

Interest capitalized during the year amounted to HK$881 million (2019: HK$553 million).

Charitable Donations

HK$71 million (2019: HK$85 million) was donated by the Group during the year.

Directors' Interests in Competing Businesses

The interests of the Directors of the Company in competing businesses that were required to be disclosed pursuant to Rule 8.10 of the Listing Rules as informed by the relevant Directors were as follows:

The businesses of the Group principally consist of (i) property developments and investments in Hong Kong, Mainland China and Singapore, and (ii) hotel operations in Hong Kong and Mainland China. Messrs. Kwok Ping-luen, Raymond, Kwok Kai-fai, Adam, Kwok Kai-wang, Christopher, Kwok Kai-chun, Geoffrey and Kwok Ho-lai, Edward (the Alternate Director to Mr. Kwok Ping-luen, Raymond) (collectively the "Kwok Family") maintain certain interests in businesses which consist of property developments and investments in Hong Kong and Singapore, and hotel operations in Hong Kong. As such, they are regarded as being interested in such competing businesses with the Group (the "Excluded Businesses"). However, when compared with the dominance and size of operations of the Group, such Excluded Businesses are immaterial. The Kwok Family does not have property development and investment businesses and hotel operation business in Mainland China. Therefore, they are not regarded as being interested in such Excluded Businesses in Mainland China.

The businesses of Transport International consist of property holdings and developments. Messrs. Kwok Ping-luen, Raymond and Fung Yuk-lun, Allen are non-executive directors of Transport International, and therefore, each of them is regarded as being interested in such Excluded Businesses.

The businesses of Wing Tai Properties Limited ("Wing Tai") consist of property developments, property investments and management, and hospitality investments and management. Mr. Kwok Ping-luen, Raymond is a non-executive director of Wing Tai and Mr. Kwok Ho-lai, Edward is his alternate, and therefore, each of them is regarded as being interested in such Excluded Businesses.

Dr. Lee Shau-kee is an executive director of Henderson Land. He was a non-executive director of Hong Kong Ferry (Holdings) Company Limited ("Hong Kong Ferry") until 29 May 2020. In addition, Dr. Lee Shau-kee is deemed to be a substantial shareholder of Henderson Land, Henderson Investment Limited, Hong Kong Ferry, Miramar Hotel and Investment Company, Limited and Sunlight Real Estate Investment Trust by virtue of his deemed interest therein under the Listing Rules and Part XV of the SFO. The businesses of these companies and investment trust principally consist of investment holdings, property developments and investments, hotel operations, project and property management, construction, department store operations, and provision of finance, which may be deemed to constitute the Excluded Businesses. As such, Dr. Lee Shau-kee is regarded as being interested in such Excluded Businesses. He is a Non-Executive Director of the Company and is not involved in the daily management and operation of the Group.

The businesses of Empire Group Holdings Limited ("Empire Group") consist of property investments and developments, and hotel operations. Mr. Kwok Kai-chun, Geoffrey is a director of Empire Group and is entitled to exercise, or control the exercise of, 10% or more of the voting power at any of its general meetings, and therefore is regarded as being interested in such Excluded Businesses. However, when compared with the dominance and size of operations of the Group, such Excluded Businesses are immaterial. Mr. Kwok Kai-chun, Geoffrey is a Non-Executive Director of the Company.

Other than the family businesses of the Kwok Family, the above-mentioned Excluded Businesses are managed by separate companies or public listed companies with independent management and administration. In this respect, coupled with the diligence of the Independent Non-Executive Directors and the Audit and Risk Management Committee of the Company, the Group is capable of carrying on its businesses independently of, and at arm's length from, the Excluded Businesses mentioned above.

Connected Transactions

On 16 December 2019, Solar Windmill Limited ("Solar Windmill") and Sun Hung Kai Real Estate Agency Limited ("SHKREAL") (both being wholly-owned subsidiaries of the Company) entered into a sale and purchase agreement (the "Sale Agreement") with Somerpath, under which (i) Solar Windmill agreed to sell and Somerpath agreed to purchase 25% of the issued share capital of Vivid Synergy Limited (being a wholly-owned subsidiary of the Company immediately before completion of the Sale Agreement) for a consideration of HK$19,500.00; and (ii) SHKREAL agreed to assign and Somerpath agreed to take an assignment of loans in the amount of HK$939,446,530.61 (representing 25% of the loans owed by Max Century (H.K.) Limited (being another wholly-owned subsidiary of the Company immediately before completion of the Sale Agreement)) for a consideration of HK$939,946,694.92.

Somerpath is a company owned by Adolfa, Bertana and Cyric (collectively the "Kwok Family Companies"), each of which owns a one-third interest in Somerpath. The Kwok Family Companies are owned by certain discretionary trusts of which Madam Kwong Siu-hing is a founder and a beneficiary. Each of Mr. Kwok Ping-luen, Raymond, Mr. Kwok Kai-fai, Adam, Mr. Kwok Kai-wang, Christopher, Mr. Kwok Kai-chun, Geoffrey and Mr. Kwok Ho-lai, Edward (each being a Director or Alternate Director of the Company) is a beneficiary of one of such discretionary trusts. The trustee of such discretionary trusts is a substantial shareholder of the Company holding shares in the Company through the Kwok Family Companies and other companies. Accordingly, Somerpath is an associate of a substantial shareholder of the Company and is therefore a connected person of the Company, and the entering into of the transaction contemplated under the Sale Agreement constituted a connected transaction for the Company pursuant to Chapter 14A of the Listing Rules. The relevant announcement of the Company was published on 16 December 2019.

Save as disclosed above, during the period from the date of the 2018/19 annual report of the Company to the date of this report, the Company did not have any connected transactions which were subject to the reporting requirements under Chapter 14A of the Listing Rules.

Directors' Material Interests in Transactions, Arrangements and Contracts

Other than the connected transaction disclosed in the section headed "Connected Transactions" above, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or his or her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Management Contracts

Save for employment contracts, no other contracts 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.

Major Customers and Suppliers

During the year, less than 30% of the Group's sales and less than 30% of the Group's purchases were attributable to the Group's five largest customers combined and five largest suppliers combined respectively.

Auditor

The retiring auditor, Messrs. Deloitte Touche Tohmatsu, has signified its willingness to continue in office. A resolution will be proposed at the 2020 Annual General Meeting to re-appoint it and to authorize the Directors to fix its remuneration.

Audit and Risk Management Committee

The annual results for the year have been reviewed by the Audit and Risk Management Committee of the Company. The Group's consolidated financial statements have been audited by the Company's auditor, Messrs. Deloitte Touche Tohmatsu, and it has issued an unmodified opinion.

Corporate Governance

A report on the principal corporate governance practices adopted by the Company is set out on pages 102 to 119.

Sufficiency of Public Float

As at the date of this report, based on information that was publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company maintained the amount of public float as required under the Listing Rules.

This report is signed for and on behalf of the Board.

Kwok Ping-luen, Raymond
Chairman & Managing Director

Hong Kong, 10 September 2020

Directors' Biographical Information

Directors

Kwok Ping-luen, Raymond
Hon LLD, Hon DBA, MBA, MA (Cantab), JP
Chairman & Managing Director (Age: 67)

Mr. Kwok has been Chairman of the Company since December 2011. Prior to the appointment as Chairman of the Company, Mr. Kwok had acted as Vice Chairman of the Company for 21 years. He is also the Managing Director and a member of the Executive Committee of the Company. He has been with the Group for 42 years. Mr. Kwok holds a Master of Arts degree in Law from Cambridge University, a Master's degree in Business Administration from Harvard University, an Honorary Doctorate degree in Business Administration from The Open University of Hong Kong and an Honorary Doctorate degree in Laws from The Chinese University of Hong Kong. Mr. Kwok is the chairman and an executive director of SUNeVision Holdings Ltd. He is also the chairman and a non-executive director of SmarTone Telecommunications Holdings Limited, and a non-executive director of Transport International Holdings Limited and Wing Tai Properties Limited.

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

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

For the year ended 30 June 2020, Mr. Kwok is entitled to receive a fee of HK$320,000 for being the Chairman of the Company. He is also entitled to receive other emoluments in the total sum of approximately HK$3.54 million, including fees of HK$60,000 and HK$180,000 for being the chairman of SUNeVision Holdings Ltd. and SmarTone Telecommunications Holdings Limited respectively.

Dr. the Hon Lee Shau-kee
DBA(Hon), DSSc(Hon), LLD(Hon), GBM
Vice Chairman & Non-Executive Director (Age: 92)

Dr. Lee has been a Non-Executive Director of the Company for the last 48 years. He is the founder of Henderson Land Development Company Limited, and continues to act as its executive director after stepping down as its chairman and managing director. He has been engaged in property development in Hong Kong for more than 60 years. Dr. Lee retired as a non-executive director of Hong Kong Ferry (Holdings) Company Limited on 29 May 2020. He was an executive director of Henderson Investment Limited, the chairman of The Hong Kong and China Gas Company Limited, and a non-executive director of Miramar Hotel and Investment Company, Limited. In July 2007, the Government of the Hong Kong Special Administrative Region awarded Dr. Lee the Grand Bauhinia Medal for his distinguished community service.

For the year ended 30 June 2020, Dr. Lee is entitled to receive a fee of HK$310,000 for being the Vice Chairman of the Company.

Directors' Biographical Information

Wong Chik-wing, Mike
MSc(IRE), FHKIS, RPS (BS), JP
Deputy Managing Director (Age: 64)

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

For the year ended 30 June 2020, Mr. Wong is entitled to receive a fee of HK$300,000 for being a Director of the Company and other emoluments of approximately HK$27.48 million.

Lui Ting, Victor
BBA
Deputy Managing Director (Age: 66)

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

For the year ended 30 June 2020, Mr. Lui is entitled to receive a fee of HK$300,000 for being a Director of the Company and other emoluments of approximately HK27.76 million.

Yip Dicky Peter
MBA, BBS, MBE, JP
Independent Non-Executive Director (Age: 73)

Mr. Yip has been an Independent Non-Executive Director of the Company since September 2004. He is also a member of both the Audit and Risk Management Committee and the Nomination Committee of the Company. He joined The Hongkong and Shanghai Banking Corporation Limited ("HSBC") in Hong Kong in 1965 with working experiences in London, China and San Francisco. Mr. Yip worked in a number of departments of HSBC, which included trade services, corporate banking, group consultancy service and regional training. His previous assignment prior to becoming CEO China had been in personal financial services, covering jobs in marketing, card products, customer service and sales, with responsibilities over consumer business in Hong Kong. From January 2003 to April 2005, Mr. Yip was appointed chief executive China business, based in Shanghai; meanwhile, he was also a director of Bank of Shanghai, Ping An Insurance and Ping An Bank in China. Mr. Yip became a general manager of HSBC in April 2005 until his retirement from HSBC in June 2012. He was the executive vice president of Bank of Communications Co., Ltd. and an independent non-executive director of Ping An Insurance (Group) Company of China, Ltd. Mr. Yip was the chief representative for the Asia-Pacific Region of Institute of International Finance from July 2012 to July 2015. He retired as an independent non-executive director of South China Holdings Company Limited on 16 June 2020. Mr. Yip is currently an independent director of S.F. Holding Co., Ltd., and the chairman and a non-executive director of Ping An OneConnect Bank (Hong Kong) Limited.

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

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

For the year ended 30 June 2020, Mr. Yip is entitled to receive fees of HK$300,000 for being a Director of the Company, HK$280,000 for being a member of the Audit and Risk Management Committee of the Company and HK$60,000 for being a member of the Nomination Committee of the Company.

Professor Wong Yue-chim, Richard
SBS, JP
Independent Non-Executive Director (Age: 68)

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

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

For the year ended 30 June 2020, Professor Wong is entitled to receive fees of HK$300,000 for being a Director of the Company, and HK$70,000 for being the Chairman of each of the Nomination Committee and the Remuneration Committee of the Company.

Dr. Li Ka-cheung, Eric
LLD, DSocSc., HonDSocSc (EdUHK), B.A., GBS, OBE, JP
Independent Non-Executive Director (Age: 67)

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

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

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

For the year ended 30 June 2020, Dr. Li is entitled to receive fees of HK$300,000 for being a Director of the Company, HK$320,000 for being the Chairman of the Audit and Risk Management Committee of the Company and HK$60,000 for being a member of the Remuneration Committee of the Company. He is also entitled to receive other emoluments in the total sum of HK$288,000 for being a director and the chairman of the audit committee and the remuneration committee of SmarTone Telecommunications Holdings Limited.

Dr. Fung Kwok-lun, William
SBS, OBE, JP
Independent Non-Executive Director (Age: 71)

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

Dr. Fung is the group non-executive chairman of Li & Fung Limited (delisted on 27 May 2020), chairman and non-executive director of Global Brands Group Holding Limited, and a non-executive director of Convenience Retail Asia Limited, all within the Fung Group. He is also an independent non-executive director of VTech Holdings Limited and The Hongkong and Shanghai Hotels, Limited. Formerly, Dr. Fung was an independent non-executive director of Shui On Land Limited and a non-executive director of Trinity Limited.

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

For the year ended 30 June 2020, Dr. Fung is entitled to receive a fee of HK$300,000 for being a Director of the Company.

Dr. Leung Nai-pang, Norman
LLD, GBS, JP
Independent Non-Executive Director (Age: 80)

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

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

For the year ended 30 June 2020, Dr. Leung is entitled to receive fees of HK$300,000 for being a Director of the Company, HK$280,000 for being a member of the Audit and Risk Management Committee of the Company, and HK$60,000 for being a member of each of the Nomination Committee and the Remuneration Committee of the Company.

Leung Kui-king, Donald
BSc
Independent Non-Executive Director (Age: 64)

Mr. Leung has been an Independent Non-Executive Director of the Company since July 2012. He is also a member of the Audit and Risk Management Committee of the Company. Mr. Leung graduated from The University of California, Berkeley with a Bachelor of Science degree in Business Administration and completed Harvard University's Advanced Management Program. He was an independent non-executive director of Tern Properties Company Limited.

Mr. Leung started his career with Bank of America in 1977 and joined Wardley Limited (a member of HSBC group) in 1984. He then joined the Company in 1986 and worked until his retirement in 2006.

For the year ended 30 June 2020, Mr. Leung is entitled to receive fees of HK$300,000 and HK$280,000 for being a Director of the Company and a member of the Audit and Risk Management Committee of the Company respectively.

Leung Ko May-yee, Margaret
SBS, JP
Independent Non-Executive Director (Age: 68)

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

Mrs. Leung is currently an independent non-executive director of First Pacific Company Limited and Agricultural Bank of China Limited. She stepped down as an independent non-executive director of Li & Fung Limited with effect from 1 June 2020. In addition, Mrs. Leung was an independent non-executive director of Swire Pacific Limited, Hutchison Whampoa Limited, China Construction Bank Corporation, QBE Insurance Group Limited and Hong Kong Exchanges and Clearing Limited as well as the deputy chairman, managing director and chief executive of Chong Hing Bank Limited.

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

For the year ended 30 June 2020, Mrs. Leung is entitled to receive a fee of HK$300,000 for being a Director of the Company.

Directors’ Biographical Information

Fan Hung-ling, Henry
SBS, JP
Independent Non-Executive Director (Age: 72)

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

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

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

For the year ended 30 June 2020, Mr. Fan is entitled to receive a fee of HK$300,000 for being a Director of the Company.

Wu Xiang-dong
MBA, M.E., B.E.
Independent Non-Executive Director (Age: 53)

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

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

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

Kwan Cheuk-yin, William
LLB
Non-Executive Director (Age: 85)

Mr. Kwan has been a Non-Executive Director of the Company since July 1999 and is a member of both the Nomination Committee and the Remuneration Committee of the Company. As a managing partner with the solicitors firm of Woo Kwan Lee & Lo, Mr. Kwan has 57 years of experience in legal practice. He is a former director and advisor and currently a voting member of the Tung Wah Group of Hospitals, a past member of the Stamp Advisory Committee, vice chairman of the Hong Kong Scout Foundation Management Committee, vice chairman of the Scout Performing Arts Committee, chairman of Air Activities Committee, adviser of Air Activities Development Fund Committee, elected member of Scout Counsel of Hong Kong, chairman of Scout Association of Hong Kong Leadership Training Institute Foundation Management Committee, vice chairman of World Scout Foundation Baden-Powell Fellowship Hong Kong Chapter, president of the Hong Kong Branch of the King's College London Association, committee member of the Hong Kong Philatelic Society, honorary member of the Federation of Inter-Asia Philately, president of FIAP Grand Prix Club, a permanent advisor of Wah Yan (Hong Kong) Past Students Association, a director and honorary secretary of Wah Yan Dramatic Society, a committee member and legal advisor of South China Athletic Association and former vice manager of its Football Section as well as manager of its Ten Pin Bowling Section and an honorary legal advisor of the Hong Kong Society for Reproductive Society.

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

For the year ended 30 June 2020, Mr. Kwan is entitled to receive fees of HK$300,000 for being a Director of the Company, and HK$60,000 for being a member of each of the Nomination Committee and the Remuneration Committee of the Company.

Kwok Kai-chun, Geoffrey
BA
Non-Executive Director (Age: 35)

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

Mr. Kwok is a nephew of Mr. Kwok Ping-luen, Raymond. He is also a grandson of Madam Kwong Siu-hing, who is the elder sister of Mr. Kwong Chun and also a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Kwok is a cousin of Messrs. Kwok Kai-fai, Adam, Kwok Kai-wang, Christopher and Kwok Ho-lai, Edward. He is a director of Asporto Limited, which has interests in the shares of the Company and such interests have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance.

For the year ended 30 June 2020, Mr. Kwok is entitled to receive a fee of HK$300,000 for being a Director of the Company.

Directors' Biographical Information

Kwok Kai-fai, Adam
MBA, BSc
Executive Director (Age: 37)

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

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

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

For the year ended 30 June 2020, Mr. Kwok is entitled to receive a fee of HK$300,000 for being a Director of the Company and other emoluments of approximately HK$9.33 million.

Kwok Kai-wang, Christopher
MBA, BSc
Executive Director (Age: 33)

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

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

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

For the year ended 30 June 2020, Mr. Kwok is entitled to receive a fee of HK$300,000 for being a Director of the Company. He is also entitled to receive other emoluments in the total sum of approximately HK$8.61 million, including a fee of HK$45,000 for being a director of SUNeVision Holdings Ltd.

Kwong Chun
Executive Director (Age: 91)

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

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

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

Tung Chi-ho, Eric
BA(AS)Hons, BArch, HKIA, Registered Architect, Authorized Person (List of Architects)
Executive Director (Age: 61)

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

For the year ended 30 June 2020, Mr. Tung is entitled to receive a fee of HK$300,000 for being a Director of the Company. He is also entitled to receive other emoluments in the total sum of approximately HK$21.54 million, including a fee of HK$45,000 for being a director of SUNeVision Holdings Ltd.

Directors' Biographical Information

Fung Yuk-lun, Allen
BA, Ph.D.
Executive Director (Age: 52)

Mr. Fung has been an Executive Director of the Company since December 2013. He is also a member of the Executive Committee of the Company and the chief executive officer of the Group's non-property related portfolio investments. Mr. Fung obtained an undergraduate degree (Modern History) from Oxford University and holds a doctoral degree in History and East Asian Languages from Harvard University. He was a recipient of a Guggenheim Fellowship in 1996. Mr. Fung was a Teaching Fellow at Harvard University in 1993-1994 and a visiting Assistant Professor of History at Brown University in 1996-1997. Mr. Fung is a vice chairman and an executive director of SUNeVision Holdings Ltd. He is a deputy chairman of SmarTone Telecommunications Holdings Limited ("SmarTone") and has been re-designated from a non-executive director to an executive director of SmarTone with effect from 17 August 2020. Mr. Fung is also a non-executive director of Transport International Holdings Limited. He was a non-executive director of RoadShow Holdings Limited (now known as Bison Finance Group Limited).

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

Mr. Fung is a member of the General Committee of the Hong Kong General Chamber of Commerce, the president of the Hong Kong Society for the Protection of Children, an honorary treasurer of The Hong Kong Federation of Youth Groups, and a council member and an executive committee member of The Hong Kong Management Association. He is also a council member of Sir Edward Youde Memorial Fund, a member of the board of the Asian Youth Orchestra, a member of the Advisory Committee on Gifted Education of the Education Bureau of the Government of the Hong Kong Special Administrative Region, a board member of the Hong Kong Tourism Board, and a member of the board of the Hong Kong Philharmonic Society Limited.

For the year ended 30 June 2020, Mr. Fung is entitled to receive a fee of HK$300,000 for being a Director of the Company. He is also entitled to receive other emoluments in the total sum of approximately HK$21.09 million, including fees of HK$52,500 and HK$162,000 for being a vice chairman and a director of SUNeVision Holdings Ltd. as well as a deputy chairman and a director of SmarTone Telecommunications Holdings Limited respectively.

Kwok Ho-lai, Edward
EMBA, BA
Alternate Director to Kwok Ping-luen, Raymond (Age: 39)

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

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

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

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

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

Senior Management

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

Executive Committee

Executive Committee

All Executive Directors of the Company are members of the Executive Committee of the Company. Other members and their profiles are as follows:

Chow Kwok-yin, Eric

ACIS

Mr. Chow graduated from The Hong Kong Polytechnic University. He is a member of The Institute of Chartered Secretaries and Administrators. Mr. Chow joined the Group in 2000 and is currently responsible for sales and marketing of selected residential projects in Hong Kong and on the mainland. He has been appointed as an Executive Director of Sun Hung Kai Real Estate Agency Limited since April 2005.

Yung Sheung-tat, Sandy

BA(Law)Hons

Mr. Yung holds a Bachelor of Arts degree in Law from Middlesex University, England. He has been qualified as a solicitor in Hong Kong since 1987 and was admitted as a solicitor in England and Wales in 1991 and as an advocate and solicitor in Singapore in 1995. Mr. Yung joined the Group in 1996 and is currently the Group General Counsel and Company Secretary of the Company. He has been appointed as an Executive Director of Sun Hung Kai Real Estate Agency Limited since July 2009.

Li Ching-kam, Frederick

FCCA, CPA

Mr. Li is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. He joined the Group in 1989 and is currently the Group Chief Accountant. Mr. Li has been appointed as an Executive Director of Sun Hung Kai Real Estate Agency Limited since October 2015.

Fung Sau-yim, Maureen

BSc(Hons) Est. Mgt., MHousMan (Distinction), MBA
FHKIS, FRICS, RPS (GP), FISCM, CIREA

Ms. Fung holds a Bachelor degree of Science in Estate Management from the University of Reading, United Kingdom, an MBA degree from Northeast Louisiana University, United States and a Master degree of Housing Management with Distinction from the University of Hong Kong. She is a fellow of the Hong Kong Institute of Surveyors and Royal Institution of Chartered Surveyors, a registered professional surveyor and a China Real Estate Appraiser. She joined the Group in 1991 and is currently in charge of major shopping malls of the Group in Hong Kong and on the mainland. Ms. Fung is an Executive Director of Sun Hung Kai Properties (China) Limited and has been appointed as an Executive Director of Sun Hung Kai Real Estate Agency Limited since August 2018. She has also been appointed as a Board Member of Ocean Park and a member of the Aviation Development and Three-runway System Advisory Committee (ADTAC).

Chan Hong-ki, Robert

BSc(BS), MHKIS, MRICS, , RPS(BS), AP(Surveyor)

Mr. Chan graduated from the Hong Kong Polytechnic University and holds a Bachelor degree from University of Greenwich. He is a member of The Hong Kong Institute of Surveyors and The Royal Institution of Chartered Surveyors and a Registered Professional Surveyor. He is also an Authorized Person under the Buildings Ordinance (Chapter 123 of the laws of Hong Kong). He joined the Group in 1993 and is currently responsible for project management and design of various projects in Hong Kong and on the mainland. Mr. Chan is an Executive Director of Sun Hung Kai Architects and Engineers Limited and a Non-Executive Director of SUNeVision Holdings Limited. Mr. Chan has been appointed as an Executive Director of Sun Hung Kai Real Estate Agency Limited since October 2018.

Lam Ka-keung, Henry

Bsc(Hons), MSc(Const & Real Est)

Mr. Lam holds a Bachelor degree of Science from the Chinese University of Hong Kong and a Master degree of Science in Construction and Real Estate from the Hong Kong Polytechnic University. He joined the Group in 1993 and is currently responsible for strategic planning of shopping malls and new project development with retail component. He has been appointed as an Executive Director of Sun Hung Kai Real Estate Agency Limited since April 2019.

The following are the associate members of the Executive Committee, who hold major positions in the Group, and who have been invited by the Executive Committee to attend its meetings regularly and to contribute their experience and expertise to assist the Executive Committee in its decision-making process:

Mak Nak-keung	–	Corporate Advisor
Sum Hong-ning, Brian	–	General Manager, Corporate Planning
Lung Po-kwan	–	Chief Financial Officer, Mainland China
Fung Chu-hee, Andrew	–	Manager, Chairman's Office

Independent Auditor’s Report and Consolidated Financial Statements

Independent Auditor's Report

Deloitte. 德勤

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

Opinion

We have audited the consolidated financial statements of Sun Hung Kai Properties Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 162 to 236, which comprise the consolidated statement of financial position as at 30 June 2020, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity 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 30 June 2020, 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 judgment, 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 (cont'd)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
We identified the valuation of investment properties as a key audit matter due to the significance of the Group's investment properties in the context of the Group's consolidated financial statements as a whole and because significant judgment is involved in determining the inputs used in the valuation. As at 30 June 2020, the Group's investment properties amounted to HK$380,717 million which represented 47.7% of the Group's total assets. Decrease in fair value of investment properties of HK$4,423 million was recognized in the consolidated income statement for the year then ended. The Group's investment properties are stated at fair value based on the valuation carried out by independent qualified valuers (the "Valuers"). The valuation was dependent on certain key estimates which requires significant judgment, including capitalization rates. The valuation of investment properties under development was also dependent on the estimated costs that will be incurred to complete the development with appropriate allowance for profit and risk. Details of the valuation methodology and key inputs used in the valuation are disclosed in note 13 to the consolidated financial statements.	Our procedures in relation to the valuation of the investment properties included: • Evaluating the competence, capabilities and objectivity of the Valuers; • Assessing the appropriateness and reasonableness of the valuation methodology, key assumptions and estimates used in the valuations, by comparing them to an estimated range, on a sample basis, based on evidence of comparable market transactions and other publicly available information of the property industry; and • Assessing the completeness and consistency of information provided by the Group to the Valuers; and evaluating the accuracy of the key inputs used in the valuation on a sample basis.

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the key audit matter
Assessment of the net realizable values of properties for sale	
We identified the assessment of the net realizable values of properties for sale as a key audit matter as the properties for sale is significant to the Group's consolidated financial statements as a whole; and the Group's assessment of the carrying values of properties for sale, being the lower of cost and net realizable value, takes into account the price ultimately expected to be realized and the anticipated costs to completion. As disclosed in note 21 to the consolidated financial statements, the Group's properties for sale amounted to HK$196,153 million which represented 24.6% of the Group's total assets, as at 30 June 2020.	Our procedures in relation to the Group's assessment of the net realizable values of properties for sale included: • Assessing the reasonableness of the net realizable values of properties for sale, on a sample basis, by comparing the carrying values with the market prices achieved less future costs to completion in the same projects or comparable properties, based on our knowledge of the Group's business and current market development in the real estate industry; and • Obtaining an understanding of the management's process in estimating the future costs to completion for the properties pending/under development for sale; and assessing the reasonableness of their estimations, on a sample basis, by comparing the expected costs to the Group's development budgets and the actual development costs of similar projects recently completed by the Group and by checking to construction contracts and other relevant documents.
Revenue recognition of property sales	
We identified revenue recognition of property sales as a key audit matter as it is significant to the consolidated income statement and there is judgment involved in determining the appropriate point in time for recognizing revenue from property sales. The Group's revenue from property sales for the year ended 30 June 2020 amounted to HK$39,765 million, which is disclosed in note 4 to the consolidated financial statements, and represented 48.1% of the Group's revenue. As disclosed in note 3(c)(i) to the consolidated financial statements, revenue from sale of properties is recognized when control over the ownership or physical possession of the property is transferred to the customers.	Our procedures in relation to revenue recognition of property sales included: • Obtaining an understanding on the management's controls over the determination of appropriate point in time to recognize revenue and testing the effectiveness of such controls; and • Assessing whether the controls over the ownership of the properties have been transferred to the buyers, on a sample basis, with reference to the correspondences issued by the relevant government authorities and the terms set out in the sales and purchase agreements and checking the status of the transfer of the properties to the buyers and the settlement of the considerations for the property sales.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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 Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company 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.

Those charged with governance are responsible 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 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 judgment and maintain professional skepticism 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.

- 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (cont'd)

- 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 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 those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 those charged with governance, 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 the independent auditor's report is Sze Ching Yiu.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
10 September 2020

Consolidated Income Statement

For the year ended 30 June 2020
(Expressed in millions of Hong Kong dollars)

	Notes	2020	2019
Revenue	4(a)	**82,653**	85,302
Cost of sales		**(40,517)**	(40,455)
Gross profit		**42,136**	44,847
Other net income		**831**	740
Selling and marketing expenses		**(4,560)**	(4,791)
Administrative expenses		**(2,952)**	(2,938)
Operating profit before changes in fair value of investment properties		**35,455**	37,858
(Decrease)/increase in fair value of investment properties		**(4,423)**	12,535
Operating profit after changes in fair value of investment properties		**31,032**	50,393
Finance costs		**(2,528)**	(2,446)
Finance income		**408**	395
Net finance costs	6	**(2,120)**	(2,051)
Share of results of:			
Associates		**181**	445
Joint ventures		**1,418**	5,696
		1,599	6,141
Profit before taxation	7	**30,511**	54,483
Taxation	10	**(6,197)**	(8,474)
Profit for the year		**24,314**	46,009
Attributable to:			
Company's shareholders		**23,521**	44,912
Perpetual capital securities holders		**169**	171
Non-controlling interests		**624**	926
		24,314	46,009
(Expressed in Hong Kong dollars)			
Earnings per share based on profit attributable to the Company's shareholders (reported earnings per share)	12(a)		
Basic		**\$8.12**	\$15.50
Diluted		**\$8.12**	\$15.50
Earnings per share excluding the effects of changes in fair value of investment properties net of deferred tax (underlying earnings per share)	12(b)		
Basic		**\$10.13**	\$11.18
Diluted		**\$10.13**	\$11.18

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2020
(Expressed in millions of Hong Kong dollars)

	2020	2019
Profit for the year	**24,314**	46,009
Items that may be reclassified subsequently to profit or loss:		
Translation difference on foreign operations	**(3,138)**	(3,522)
Cash flow hedge		
– fair value gains recognized directly in reserves during the year	**254**	105
– fair value gains transferred to consolidated income statement	**(31)**	–
	223	105
Debt securities at fair value through other comprehensive income		
– fair value gains recognized directly in reserves during the year	**–**	2
Share of other comprehensive loss of associates and joint ventures	**(787)**	(605)
Items that will not be reclassified to profit or loss:		
Equity securities at fair value through other comprehensive income		
– fair value losses recognized directly in reserves during the year	**(332)**	(253)
Share of other comprehensive income/(loss) of an associate	**154**	(88)
Other comprehensive loss for the year	**(3,880)**	(4,361)
Total comprehensive income for the year	**20,434**	41,648
Total comprehensive income for the year attributable to:		
Company's shareholders	**19,728**	40,659
Perpetual capital securities holders	**169**	171
Non-controlling interests	**537**	818
	20,434	41,648

Consolidated Statement of Financial Position

As at 30 June 2020
(Expressed in millions of Hong Kong dollars)

	Notes	2020	2019
Non-current assets			
Investment properties	13	**380,717**	386,612
Property, plant and equipment	14	**40,825**	35,862
Associates	15	**6,306**	6,014
Joint ventures	16	**72,476**	67,737
Financial investments	17	**2,603**	3,313
Intangible assets	18	**4,288**	4,445
Other non-current assets	19	**6,954**	4,764
		514,169	508,747
Current assets			
Properties for sale	21	**196,153**	196,107
Inventories		**367**	356
Trade and other receivables	22	**17,029**	22,811
Financial investments	17	**824**	1,103
Bank deposits and cash	23	**31,705**	22,038
Assets of subsidiaries contracted for sale	37	**37,584**	–
		283,662	242,415
Current liabilities			
Bank and other borrowings	24	**(26,375)**	(9,168)
Trade and other payables	25	**(36,851)**	(28,699)
Deposits received on sales of properties	26	**(21,462)**	(16,983)
Current tax payable		**(12,654)**	(11,052)
		(97,342)	(65,902)
Net current assets		**186,320**	176,513
Total assets less current liabilities		**700,489**	685,260
Non-current liabilities			
Bank and other borrowings	27	**(86,231)**	(85,838)
Deferred tax liabilities	28	**(22,638)**	(23,328)
Other non-current liabilities	29	**(1,205)**	(275)
		(110,074)	(109,441)
NET ASSETS		**590,415**	575,819
CAPITAL AND RESERVES			
Share capital	30	**70,703**	70,683
Reserves		**501,110**	495,722
Shareholders' equity		**571,813**	566,405
Perpetual capital securities	31	**3,813**	3,813
Non-controlling interests		**14,789**	5,601
TOTAL EQUITY		**590,415**	575,819

Directors:

Kwok Ping-luen, Raymond

Lui Ting, Victor

Consolidated Statement of Cash Flows

For the year ended 30 June 2020
(Expressed in millions of Hong Kong dollars)

	Notes	2020	2019
Operating activities			
Operating cash inflow	34(a)	**39,817**	40,631
Changes in working capital	34(a)	**12,047**	(17,020)
Cash generated from operations	34(a)	**51,864**	23,611
Interest paid		**(3,298)**	(3,018)
Bank interest received		**392**	392
Interest received from investments		**137**	190
Dividends received from equity securities		**125**	154
Dividends received from associates and joint ventures		**3,166**	3,965
Hong Kong profits tax paid		**(3,370)**	(4,521)
Outside Hong Kong tax paid		**(1,148)**	(1,018)
Net cash from operating activities		**47,868**	19,755
Investing activities			
Additional investment in an associate		**(11)**	–
Equity investment in joint ventures		**(6,705)**	–
Additions to investment properties		**(46,374)**	(4,720)
Additions to property, plant and equipment		**(2,890)**	(7,840)
Additions to concession assets		**–**	(22)
Purchase of financial investments		**(110)**	(647)
Net loan advances to associates and joint ventures		**(534)**	(391)
Loans and advances (made)/repaid		**(1,368)**	123
Payment of mobile licence fees		**(96)**	(62)
Deposits received for disposal of subsidiaries		**7,613**	–
Net proceeds from disposal of investment properties		**639**	316
Proceeds from disposal of property, plant and equipment		**34**	13
Proceeds from disposal of financial investments		**735**	394
Net cash used in investing activities		**(49,067)**	(12,836)
Financing activities			
Bank and other borrowings raised		**40,401**	38,704
Repayment of bank and other borrowings		**(22,210)**	(34,649)
Contributions from non-controlling interests		**9,394**	–
Principal elements of lease payments		**(1,029)**	–
Increase/(decrease) in amounts due to non-controlling interests		**37**	(78)
(Increase)/decrease in bank deposits maturing after more than three months		**(19)**	2,461
Proceeds from issue of shares		**18**	64
Proceeds from issue of shares by a subsidiary		**7**	3
Payment for repurchase of shares by a subsidiary		**(21)**	(58)
Purchase of additional interest in a subsidiary		**(3)**	–
Purchase of shares for share award scheme in a subsidiary		**(2)**	(9)
Buy-back of perpetual capital securities		**–**	(58)
Dividends paid to Company's shareholders		**(14,344)**	(13,617)
Dividends paid to non-controlling interests		**(739)**	(665)
Distributions paid to perpetual capital securities holders		**(169)**	(171)
Net cash from/(used in) financing activities		**11,321**	(8,073)
Increase/(decrease) in cash and cash equivalents		**10,122**	(1,154)
Cash and cash equivalents at beginning of year		**21,430**	23,035
Effect of foreign exchange rates changes		**(402)**	(451)
Cash and cash equivalents at end of year	34(b)	**31,150**	21,430

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020
(Expressed in millions of Hong Kong dollars)

	Attributable to Company's shareholders								
	Share capital	Capital reserves	Investment revaluation reserve	Exchange reserve	Retained profits	Total	Perpetual capital securities	Non-controlling interests	Total
At 1 July 2018	70,612	525	1,756	1,813	464,616	539,322	3,887	5,465	548,674
Profit for the year	–	–	–	–	44,912	44,912	171	926	46,009
Other comprehensive (loss)/ income for the year	–	105	(242)	(4,019)	(97)	(4,253)	–	(108)	(4,361)
Total comprehensive (loss)/ income for the year	–	105	(242)	(4,019)	44,815	40,659	171	818	41,648
Transfer to retained profits upon disposal of equity investments	–	–	(26)	–	26	–	–	–	–
Shares issued on exercise of share options	71	(7)	–	–	–	64	–	–	64
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	19	19
Purchase of shares for Share Award Scheme in a subsidiary	–	–	–	–	(6)	(6)	–	(3)	(9)
Final dividend paid	–	–	–	–	(9,995)	(9,995)	–	–	(9,995)
Interim dividend paid	–	–	–	–	(3,622)	(3,622)	–	–	(3,622)
Adjustments relating to changes in interests in subsidiaries	–	(33)	–	–	–	(33)	–	(19)	(52)
Dividends to non-controlling interests	–	–	–	–	–	–	–	(679)	(679)
Distributions paid to perpetual capital securities holders	–	–	–	–	–	–	(171)	–	(171)
Buy-back of perpetual capital securities	–	–	–	–	16	16	(74)	–	(58)
Transfer to capital reserves arising from repurchase of its shares by a subsidiary	–	1	–	–	(1)	–	–	–	–
At 30 June 2019 and 1 July 2019	70,683	591	1,488	(2,206)	495,849	566,405	3,813	5,601	575,819
Profit for the year	**–**	**–**	**–**	**–**	**23,521**	**23,521**	**169**	**624**	**24,314**
Other comprehensive (loss)/ income for the year	**–**	**223**	**(319)**	**(3,843)**	**146**	**(3,793)**	**–**	**(87)**	**(3,880)**
Total comprehensive (loss)/ income for the year	**–**	**223**	**(319)**	**(3,843)**	**23,667**	**19,728**	**169**	**537**	**20,434**
Transfer to retained profits upon disposal of equity investments	**–**	**–**	**(12)**	**–**	**12**	**–**	**–**	**–**	**–**
Shares issued on exercise of share options	**20**	**(2)**	**–**	**–**	**–**	**18**	**–**	**–**	**18**
Recognition of equity-settled share-based payments	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**25**	**25**
Purchase of shares for Share Award Scheme in a subsidiary	**–**	**–**	**–**	**–**	**(1)**	**(1)**	**–**	**(1)**	**(2)**
Vesting of share award in a subsidiary	**–**	**–**	**–**	**–**	**9**	**9**	**–**	**(9)**	**–**
Contributions from non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**9,394**	**9,394**
Final dividend paid	**–**	**–**	**–**	**–**	**(10,722)**	**(10,722)**	**–**	**–**	**(10,722)**
Interim dividend paid	**–**	**–**	**–**	**–**	**(3,622)**	**(3,622)**	**–**	**–**	**(3,622)**
Adjustments relating to changes in interests in subsidiaries	**–**	**(2)**	**–**	**–**	**–**	**(2)**	**–**	**(10)**	**(12)**
Dividends to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(748)**	**(748)**
Distributions paid to perpetual capital securities holders	**–**	**–**	**–**	**–**	**–**	**–**	**(169)**	**–**	**(169)**
At 30 June 2020	**70,703**	**810**	**1,157**	**(6,049)**	**505,192**	**571,813**	**3,813**	**14,789**	**590,415**

Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

1. Basis of Preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards and interpretations (collectively, "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Hong Kong Companies Ordinance (Cap. 622) and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The consolidated financial statements are prepared under the historical cost convention except for investment properties and certain financial instruments, which are measured at fair value, as explained in the principal accounting policies set out in Note 3.

In the current year, the Group has adopted a number of new and amendments to HKFRSs issued by the HKICPA that are first effective for the Group's financial year beginning 1 July 2019. Except for HKFRS 16, Leases as described in Note 2 below, the adoption of these new or amended HKFRSs does not have a material effect on the Group's financial statements.

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

2. Adoption of HKFRS 16, Leases

On 1 July 2019, the Group adopted HKFRS 16 which replaces HKAS 17, Leases and related interpretations.

HKFRS 16 removes the distinction between operating and finance lease for lessee accounting and introduces a single on-balance sheet accounting model for lessees, which requires a lessee to capitalize all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The impact of HKFRS 16 on the Group is primarily where the Group is a lessee in property lease contracts, which are entered into in respect of the leasing of premises for use as retail stores, offices and sites for transport, logistics and car parking operations and installation of telecommunications equipment. Prior to 1 July 2019, payments made under operating leases were charged to profit and loss on a straight line basis over the period of the lease. From 1 July 2019, each lease payment is allocated between settlement of the lease liability and finance cost.

The finance cost is charged to profit and loss over the lease period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

The standard does not significantly change the accounting of lessors. The accounting policies applicable to the Group as a lessor remain substantially unchanged from those under HKAS 17.

The Group applied HKFRS 16 retrospectively on 1 July 2019 using the modified retrospective approach without restating comparative information. This has resulted in the Group recognizing HK$1,856 million of right-of-use assets and HK$1,867 million of lease liabilities in relation to leases which were previously classified as operating leases under HKAS 17 at 1 July 2019. There is no impact on the opening balance of equity.

Details of the new accounting policies are set out in Note 3(x). The effect of the adoption of HKFRS 16 is as follows:

(Expressed in millions of Hong Kong dollars)

2. Adoption of HKFRS 16, Leases (cont'd)

Effect of adoption of HKFRS 16

Impact on transition

In applying the modified retrospective approach, the Group has elected to apply the new definition of a lease to all contracts on transition to the new standard. In addition, the Group has elected not to apply the requirements of HKFRS 16 for operating leases with a remaining lease term of less than 12 months from the date of initial application.

At the date of transition, the Group recognized lease liabilities and right-of-use assets in relation to leases which had previously been classified as operating leases under the principles of HKAS 17. The Group measured these liabilities at the present value of the remaining lease payments, discounted using the incremental borrowing rate of the lessees at 1 July 2019 and has elected to measure the associated right-of-use assets at the amounts equal to the lease liabilities, adjusted by any prepaid or accrued lease payments that existed at the date of transition.

As a result of the capitalization of the leases previously classified as operating leases, the Group recognized HK$1,856 million of right-of-use assets and HK$1,867 million of lease liabilities on its balance sheet at 1 July 2019 with no effect on net assets or retained profits. The difference between right-of-use assets and lease liabilities recognized on 1 July 2019 represented existing prepayments and accruals recognized under HKAS 17 as of 30 June 2019 being included in the measurement of the right-of-use assets. The Group presents the right-of-use assets in property, plant and equipment. The non-current and current portion of the lease liabilities are presented in other non-current liabilities and trade and other payables.

The table below summarized the transition impact on the Group's consolidated statement of financial position at 1 July 2019:

Increase in property, plant and equipment	1,856
Decrease in trade and other receivables	(19)
Increase/(decrease) in trade and other payables	
Current portion of lease liabilities	859
Other payables and accrued expenses	(30)
Increase in other non-current liabilities	
Non-current portion of lease liabilities	1,008

2. Adoption of HKFRS 16, Leases (cont'd)

Effect of adoption of HKFRS 16 (cont'd)

Impact on transition (cont'd)

The following table reconciles the operating lease commitments at 30 June 2019 to the lease liabilities recognized at 1 July 2019:

Operating lease commitments at 30 June 2019	3,171
Less: Contracts reassessed as service agreement based on the lease definition in HKFRS 16	(958)
Leases with remaining lease term ending on or before 30 June 2020	(241)
Leases of low-value assets	(2)
Operating lease liabilities before discounting at 30 June 2019	1,970
Effect from discounting at incremental borrowing rate at 1 July 2019	(103)
Lease liabilities recognized at 1 July 2019	1,867
Of which are:	
Current portion	859
Non-current portion	1,008
	1,867

Notes:

(1) The weighted average incremental borrowing rate applied at 1 July 2019 was 2.87%.

(2) As at 30 June 2019, the Group had no obligations for leases previously classified as finance leases.

Impact on financial result

After the initial recognition of right-of-use assets and lease liabilities at 1 July 2019, the Group as a lessee recognized finance costs accrued on the outstanding balance of the lease liabilities and the depreciation of the right-of-use assets, instead of the previous policy of recognizing rental expenses incurred under operating leases on a straight line basis over the lease term. The impact of the adoption of HKFRS 16 on the financial result for the current year is summarized below:

Decrease in operating expenses	1,092
Increase in depreciation and amortization	(1,071)
Increase in finance costs	(52)
Decrease in income tax expense	2
Decrease in profit for the year	(29)
Decrease in profit attributable to the Company's shareholders	(24)

3. Principal Accounting Policies

(a) Basis of consolidation

The consolidated financial statements of the Group incorporate the financial statements of the Company and all its subsidiaries made up to 30 June each year and include the Group's interests in associates and joint ventures on the basis set out in Note 3(e) and Note 3(f) below, respectively. The financial statements of the associates and joint ventures used for this purpose are either coterminous with the financial statements of the Company or cover a year end not more than three months before the Company's year-end. The results of subsidiaries, associates and joint ventures acquired or disposed of during the year are included in the consolidated income statement from the effective dates of acquisition and to the effective dates of disposal. All material intra-group transactions and balances are eliminated on consolidation. Unrealized 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 associate or joint venture.

Changes in the Group's ownership interest in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

Non-controlling interests in the net assets or liabilities consist of the amount of those interests at the date of the original business combination and their share of changes in equity since the date of the combination.

(b) Revenue

Income is classified by the Group as revenue when it arises in the course of the Group's ordinary activities. Revenue from the Group's principal activities comprises proceeds from sale of properties, gross rental income from properties letting under operating leases, revenue from hotel operations, telecommunications, transport infrastructure and logistics, data centre operations and revenue derived from other business activities including department store, financial services, property management and construction. Group revenue does not include the revenue of associates and joint ventures.

(c) Revenue recognition

The Group recognizes revenue from contracts with customers when control over a product or service is transferred to the customer at the transaction price to which the Group expects to be entitled in exchange for the promised product and service, excluding those amounts collected on behalf of third parties (such as value added tax or other sales taxes) and after deduction of any trade discounts. Transfer of control may be at a point in time or over time, dependent on the nature and terms of and laws applicable to the contracts. In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of financing component if it is significant.

3. Principal Accounting Policies *(cont'd)*

(c) Revenue recognition (cont'd)

Further details of the Group's recognition policies on revenue from contracts with customers, other sources of revenue and other income are as follows:

(i) Property sales

Revenue from sale of properties is recognized when the control over the ownership or physical possession of the property is transferred to the customer, which is the point in time when the Group satisfies its performance obligations under the contracts.

Deposits and instalments received on properties sold prior to the date of revenue recognition are presented in the statement of financial position as deposits received on sale of properties which are regarded as contract liabilities.

(ii) Rental income

Lease payments from properties letting under operating leases are recognized as rental income over the lease term on either a straight line basis or another systematic basis that is more representative of the pattern in which benefit from the use of the underlying leased asset is diminished. Contingent rentals are recognized in the accounting period in which they are earned.

(iii) Hotel operations

Revenue from hotel operations is recognized when the accommodation and related services are provided.

(iv) Telecommunications

Revenue from services is measured based on the usage of the Group's telecommunications network and facilities and is recognized when the services are rendered. Service revenue in respect of standard service plans billed in advance is deferred and included under contract liabilities. For sales of handset, equipment and gifts, revenue is recognized when the products are delivered to and accepted by the customer. When multiple-element arrangements exist, the amount of revenue recognized for each performance obligation is determined by considering the standalone selling prices or estimated fair values of each of the services element and handset device element provided within the bundled contracts.

(v) Transport infrastructure and logistics

Toll income from toll road operations is recognized upon the passage of vehicles through the toll road.

Revenue from operation of business aviation centre including aircraft and passengers handling, fuel sales and hangar fee is recognized over time based on usage of services.

Management fee income from management and operation of tunnel, road infrastructure and car park facilities is recognized when the services are provided and in accordance with the terms of the management contracts.

Income from logistic and freight forwarding services is recognized when the services are rendered.

3. Principal Accounting Policies (cont'd)

(c) Revenue recognition (cont'd)

(vi) Data centre operations

Revenue from customers' use of data centre and information technology ("IT") facilities is recognized rateably over the terms of the agreement in the amount which the Group has right to invoice while other value-added service income is recognized over the period of service.

(vii) Department store operations

Revenue from sale of goods is recognized at point of sale when the customer takes possession of and accepts the product. Commission income from concessionaire sales is recognized upon sales of goods by counter suppliers.

(viii) Financial services

Interest income from loan financing business is accrued on a time basis using the effective interest method. Premiums from general insurance business are recognized as revenue proportionally over the period of coverage.

(ix) Property management

Income from provision of property and facilities management services is recognized when the services are rendered.

(x) Construction

Revenue in respect of building construction job is recognized over the contract period based on the stage of completion method measured by reference to the proportion that costs incurred to date bear to estimated total costs for the contract.

(xi) Investment income

Dividend income from equity investments is recognized when the right to receive payment is established.

Interest income from financial investments is recognized using the effective interest method.

(d) Subsidiaries

A subsidiary is an entity controlled by the Company. The Group controls an entity when the Group has power over the entity; is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns.

(e) Associates

Associates are those in which the Group is in a position to exercise significant influence, but not control or joint control, over the management, including participation in the financial and operating policy decisions.

Results of associates are incorporated in the consolidated income statement to the extent of the Group's share of post-acquisition profits less losses.

Interests in associates are accounted for in the consolidated statement of financial position under the equity method and are carried at cost as adjusted for post-acquisition changes in the Group's share of their results and other comprehensive income ("OCI") less any identified impairment loss.

3. Principal Accounting Policies (cont'd)

(f) Joint arrangements

A joint arrangement is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control.

(i) Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint ventures) have rights to the net assets of the arrangement in accordance with contractual arrangements.

Results of joint ventures are incorporated in the consolidated income statement to the extent of the Group's share of post-acquisition profits less losses.

Interests in joint ventures are accounted for in the consolidated statement of financial position under the equity method and are carried at cost as adjusted for post-acquisition changes in the Group's share of their results and OCI less any identified impairment loss.

(ii) Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement in accordance with contractual arrangements.

Investments in joint operations are accounted for such that each joint operator recognizes its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

(g) Intangible assets

(i) Mobile licences

Spectrum utilization fees represent the payments for using the assigned spectrum to provide telecommunication services in Hong Kong within a specified period. The upfront payments and the present value of the annual fixed fees payable over the period are recorded as intangible assets, together with the related obligations. Amortization is provided on a straight line basis over the remaining assignment period from the date when the asset is ready for its intended use.

The difference between the discounted value and the total of the minimum annual fee payments represents the effective cost of financing and, accordingly, for the period prior to the asset being ready for its intended use, is capitalized as part of the intangible asset. Subsequent to the date when the asset is ready for its intended use, such finance costs are charged to the consolidated income statement in the year in which they are incurred.

Variable annual payments are recognized in the consolidated income statement as incurred.

3. Principal Accounting Policies (cont'd)

(g) Intangible assets (cont'd)

(ii) Goodwill

Goodwill on acquisition of subsidiaries or business is measured initially at cost, being the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and any fair value of the Group's previously held equity interest in the acquiree over the fair value of the acquiree's net identifiable assets acquired and liabilities assumed as at the acquisition date. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is subject to impairment test annually and when there is indication that the carrying value may not be recoverable.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized directly in the consolidated income statement.

Goodwill on acquisition of associates and joint ventures, being the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired, is included in the carrying amount of the investments in associates and joint ventures respectively and is not tested for impairment separately.

On disposal of a subsidiary, associate or joint venture, the carrying amount of goodwill attributable to the entity sold is included in the calculation of the profit or loss on disposal.

(iii) Concession assets

The Group has entered into a service concession arrangement with the Government of Hong Kong Special Administrative Region ("HKSAR Government") to participate in the development, financing, operation and maintenance of toll road infrastructures. Under the arrangement, the Group carries out the construction of toll road for the granting authority and receives in exchange a right to operate the toll road and the entitlement to toll fees collected from users of the toll road. The assets including the cost of tunnel, approach road and buildings, electrical and mechanical systems under the service concession arrangement are recorded as intangible assets. Once the underlying infrastructure of the concession arrangement is completed, the concession assets are amortized over the term of the concession on a straight line basis.

(h) Contract acquisition and fulfilment costs

Costs of obtaining and fulfilling a contract with a customer are capitalized as an asset if (i) the costs are incremental of obtaining the contract and they are expected to be recovered; and (ii) the costs of fulfilling a contract relate directly to the contract, generate or enhance resources of the Groups that will be used in satisfying performance obligations in the future and are expected to be recovered. Capitalized contract costs are amortized on a systematic basis that is consistent with the transfer to the customers of the goods or services to which the asset relates. Impairment loss is recognized to the extent that the carrying amount of the capitalized costs exceeds the remaining considerations to be received less the future costs to be incurred.

3. Principal Accounting Policies (cont'd)

(i) Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains right to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer. The combination of those rights and performance obligations gives rise to a net contract asset or net contract liability depending on the relationship between the remaining rights and the performance obligations.

A contract asset is recognized when the Group transfers a good or performs a service in the contract before receiving consideration from the customer or when the cumulative revenue recognized exceeds cumulative payments made by the customer. A contract asset is transferred to a receivable when the right to receive the consideration becomes unconditional. Conversely, a contract liability is recognized when the amounts received from a customer exceed revenue recognized for a contract or when advance payment is received from a customer before a good or service is transferred. A contract liability would also be recognized if the Group has an unconditional right to receive consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized.

Contract assets are assessed for impairment under the same approach adopted for impairment assessment of financial assets carried at amortized cost. Contract liabilities are recognized as revenue when the Group transfers the goods or services to the customers and therefore satisfies its performance obligations. Deposits received on sales of properties are regarded as contract liabilities and presented separately on the face of the consolidated statement of financial position under current liabilities.

(j) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

For purposes of subsequent measurement, financial assets of the Group are classified in four categories:

- Financial assets at amortized cost
- Debt investments at FVOCI
- Equity investments designated at FVOCI
- Financial assets at FVTPL

3. Principal Accounting Policies (cont'd)

(j) Financial instruments (cont'd)

(i) Financial assets (cont'd)

Financial assets at amortized cost

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes cash and cash equivalents, trade receivables, loan receivables and certain debt investments.

Debt investments at FVOCI

The Group measures debt investments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt investments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. Fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

Equity investments designated at FVOCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Cumulative gains and losses recognized in OCI are transferred to revenue reserves on disposal.

Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group has elected to classify irrevocably certain equity investments under this category.

3. Principal Accounting Policies (cont'd)

(j) Financial instruments (cont'd)

(i) Financial assets (cont'd)

Financial assets at FVTPL

All financial assets not classified as measured at amortized cost or FVOCI as described above are mandatorily required to be measured at FVTPL.

This category includes financial assets held for trading, derivative instruments, equity investments which the Group had not irrevocably elected to classify at FVOCI, and debt investments with cash flows that are not solely payments of principal and interest.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing them in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets at FVTPL are carried in the statement of financial position at fair value. Net gains and losses, including dividend or interest income, are recognized in profit or loss.

Derecognition of financial assets

A financial asset is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows in a transaction in which the Group has transferred substantially all the risks and rewards of ownership of the asset or in which the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group enters into transactions whereby it transfers its rights to receive cash flows from an asset, but retains substantially all of the risks and rewards of ownership or control of the transferred asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments that are not measured at FVTPL:

- financial assets measured at amortized cost, and
- debt investments measured at FVOCI.

3. Principal Accounting Policies (cont'd)

(j) Financial instruments (cont'd)

(i) Financial assets (cont'd)

Impairment of financial assets (cont'd)

ECLs are a probability-weighted estimate of credit losses, measured based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the 12 months after the reporting date (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses that result from all possible default events over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Loss allowance for financial assets measured at amortized cost is deducted from the gross carrying amount of the assets. For debt instruments at FVOCI, the loss allowance is charged to profit or loss and is recognized in OCI instead of reducing the carrying amount of the assets.

The Group considers a financial asset in default when the Group is unlikely to receive the outstanding contractual amounts in full, without recourse by the Group to action such as realizing the security (if any is held). A financial asset can be classified as in default but without an allowance for credit losses (i.e. no impairment loss is expected) after taking into account the value of collateral held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Write-offs can relate to a financial asset in its entirety, or to a portion of it, and constitute a derecognition event.

3. Principal Accounting Policies (cont'd)

(j) Financial instruments (cont'd)

(ii) Financial liabilities

Classification and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities are classified, at initial recognition, as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. The Group has not designated any financial liability at FVTPL.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. These include trade and other payables, loans and borrowings. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle them on a net basis or to realize the assets and settle the liabilities simultaneously.

(k) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments such as interest rate swaps, cross currency interest rate swaps and currency forwards to hedge its interest rate and foreign currency risk exposures.

A derivative financial instrument is initially recognized at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. For the purpose of hedge accounting, hedges are classified as:

(a) cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment;

3. Principal Accounting Policies (cont'd)

(k) Derivative financial instruments and hedge accounting (cont'd)

(b) fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized commitment; and

(c) hedges of a net investment in a foreign operation

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognized in profit or loss when the changes arise.

The Group documents, at the inception of the transaction, the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair values or cash flows of the hedged items.

The following hedges in place at the end of the reporting period qualified respectively as fair value and cash flow hedges under HKFRS 9. The Group's management strategies and hedge documentation are aligned with the requirements of HKFRS 9 and are thus treated as continuing hedges. The Group has not designated any derivative financial instruments as hedges of net investment in foreign operations.

(a) Cash flow hedge

Cross currency interest rate swaps

The Group has entered into cross currency interest rate swaps that are cash flow hedges and they are used to reduce the Group's exposure to interest rate risk and currency risk on its borrowings and interest.

The fair value changes on the effective portion of cross currency interest rate swaps designated as cash flow hedges are recognized in OCI, accumulated in the fair value reserve and reclassified to profit or loss when the hedged interest expense and/or exchange differences from the translation of the borrowings are recognized in profit or loss. The fair value changes on the ineffective portion of cross currency interest rate swaps are recognized immediately in profit or loss.

(b) Fair value hedge

Interest rate swaps and cross currency interest rate swaps

The Group has entered into fixed to floating interest rate swaps that are fair value hedges for the fair value exposures to interest rate movements of its borrowings ("hedged item"). The fair value changes on the hedged item resulting from the fair value risk are recognized in profit or loss. The fair value changes on the effective portion of interest rate swaps designated as fair value hedges are recognized in profit or loss within the same line item as the fair value changes from the hedged item. The fair value changes on the ineffective portion of interest rate swaps are recognized separately in profit or loss.

3. Principal Accounting Policies (cont'd)

(l) Investment properties

Investment properties are land and buildings (including leasehold property interests owned or held as a right-of-use asset) held for long term rental yields or capital appreciation or both, and are not occupied by the Group. These include completed properties, those under construction and properties that are being redeveloped for continuing use as investment properties.

Investment properties are measured initially at cost including transaction costs, and subsequently at fair value. Fair value is based on market value, as determined by independent qualified valuers at each reporting date on the highest and best use basis, and separate values are not attributed to land and buildings. The difference between the fair value of an investment property at the reporting date and its carrying amount prior to re-measurement is included in the income statement as a valuation surplus or deficit.

Costs incurred subsequently to develop, refurbish or replace part of an investment property are recognized in the asset's carrying amount prior to fair value re-assessment only when it is probable that future economic benefits associated with the cost item will flow to the Group and the cost can be measured reliably. All other repair and maintenance expenditures in respect of an investment property are expensed in profit or loss as incurred.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected to arise from its disposal. Any gain or loss on derecognition, calculated as the difference between the net disposal proceeds and the carrying amount of the property, is recognized in consolidated income statement in the period in which the asset is derecognized.

(m) Property, plant and equipment

Properties held for own use and other items of plant and equipment, including right-of-use assets arising from leases of underlying property, plant and equipment, are stated at cost less accumulated depreciation and impairment losses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. The cost of self-constructed items of property, plant and equipment comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

3. Principal Accounting Policies (cont'd)

(n) Depreciation of property, plant and equipment

(i) Land and buildings

Ownership interests in leasehold land of properties held for own use are depreciated over the unexpired term of their respective leases. Cost of building situated on leasehold land is depreciated on a straight-line basis over the shorter of the unexpired term of the lease and the building's estimated useful life.

Properties leased for own use under lease or tenancy contracts where the Group is not the owner of the property interests are depreciated on a straight-line basis over the shorter of the expected lease terms and their estimated useful lives, taking into consideration any renewal options in the contracts.

(ii) Plant and equipment

Plant and equipment are depreciated over their expected remaining useful lives of 2 to 25 years using a straight-line method, after deducting their estimated residual values, if any.

No depreciation is provided for development costs incurred on property, plant and equipment under construction.

(o) Properties for sale

(i) Stock of completed properties for sale

Completed properties remaining unsold at year end are stated at the lower of cost and net realizable value.

Cost is determined by apportionment of the total land and development costs attributable to the unsold properties.

Net realizable value is estimated by the management, based on prevailing market conditions which represents the estimated selling price in the ordinary course of business less estimated selling expenses.

(ii) Properties pending/under development for sale

Properties pending/under development for sale are classified as current assets and stated at the lower of cost and net realizable value. Cost comprises specifically identified costs, including land acquisition costs, development expenditure, capitalized borrowing costs and other related expenditures. Net realizable value is estimated by the management, taking into account the price ultimately expected to be realized and the anticipated costs to completion.

(p) Borrowings and borrowing costs

Borrowings are initially recognized at fair value, net of transaction costs incurred, and are subsequently measured at amortized cost, using effective interest method. The carrying amount of hedged borrowings is adjusted for the change in fair value attributable to the hedged risk when accounting for fair value hedges set out in Note 3(k) applies.

Borrowing costs are expensed as incurred, except to the extent that they are capitalized as being directly attributable to the construction or production of assets which necessarily take a substantial period of time to get ready for their intended use or sale. Capitalization of such borrowing costs begins when construction or production activities commence and ceases when the assets are substantially ready for their intended use or sale.

3. Principal Accounting Policies (cont'd)

(q) Inventories

Inventories comprising mainly building materials, hotel stocks, handsets and consumable goods are stated at the lower of cost and net realizable value. Cost is calculated on the weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(r) Translation of foreign currencies

Foreign currency transactions during the year are converted into functional currency at the market rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at closing rates of exchange ruling at the year end date. Exchange differences arising in these cases are dealt with in the consolidated income statement.

The assets and liabilities of overseas subsidiaries, associates and joint ventures expressed in their respective functional currencies are translated into Hong Kong dollars at the closing rates of exchange ruling at the year end date whereas the income statement are translated at average exchange rates for the year. Exchange differences arising on translation are recognized in OCI.

(s) Current and deferred income tax

Tax expense for the year comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in OCI or directly in equity, in which case the relevant amount of tax is recognized in OCI or directly in equity, respectively.

Current tax liabilities are recognized at the amount expected to be paid to the tax authorities, using tax rates enacted or substantively enacted at the reporting date. Current tax expense for the year comprises the expected tax payable on the taxable income for the year and any adjustment to the tax payable in respect of previous years.

Deferred tax is recognized in full, using the liability method, on all temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profits except that deferred tax is not recognized for temporary differences arising from the initial recognition of goodwill or an asset or a liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred tax assets are recognized to the extent that it is probable that the future taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilized.

Deferred tax is recognized on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and based on the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities except for investment property. Deferred tax liability in relation to investment property that is measured at fair value is determined assuming that the carrying amount of the property will be recovered entirely through sale.

3. Principal Accounting Policies (cont'd)

(t) Provisions

Provisions are recognized when the Group has a present obligation as a result of past event and it is probable that an outflow of economic benefits will be required to settle that obligation and the amount of obligation can be reliably estimated. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

(u) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property, properties for sale, inventories and deferred tax assets) to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Goodwill is tested annually for impairment whether or not there is any indication of impairment.

For impairment testing, assets are grouped into cash-generating units (CGU) for which there are separately identifiable cash flows. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. An impairment loss on goodwill is not reversed in subsequent period. For an asset other than goodwill, impairment loss is reversed only if there is a favourable change in the estimates used to determine the asset's recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

(v) Retirement benefit costs

The retirement benefit costs charged to the consolidated income statement represent the contributions payable in respect of the current year to the Group's defined contribution schemes and the Mandatory Provident Fund Schemes.

(w) Share-based payments

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted at the grant date and expensed on a straight line basis over the relevant vesting periods with a corresponding increase in capital reserves within equity. At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognized in consolidated income statement such that the calculated expense reflects the revised estimates with a corresponding adjustment to capital reserves.

At the time when the share options are exercised, the amount previously recognized in capital reserves will be transferred to share capital. When the share options are forfeited, lapsed or cancelled, after the vesting date or are still not exercised on the expiry date, the amount previously recognized in capital reserves will be transferred to retained profits.

3. Principal Accounting Policies (cont'd)

(x) Leases

The Group applies a control model to identify and distinguish a lease from a service contract on the basis of whether a customer is able to control the asset being leased. A contract is assessed for whether it is or contains a lease at its inception. A contract is or contains a lease if it provides a customer with the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed if the customer, throughout the period of the use, has both the right to direct the use and to obtain substantially all of the economic benefits from that use.

The Group as a lessee

Policy applicable from 1 July 2019

The Group as a lessee recognizes a right-of-use asset and a lease liability when a lease is capitalized at the commencement date, except for leases with a lease term of 12 months or less ("short-term leases") and leases of low-value assets. Payments in relation to short-term leases and leases of low-value assets are recognized as an expense in profit or loss on a straight line basis over the lease term.

The lease liability is initially measured at the present value of lease payments payable with reference to an expected lease term, which includes optional lease periods when the Group is reasonably certain to exercise the option to extend or not to terminate the lease. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees and payments arising from options reasonably certain to be exercised. Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and are expensed in the period to which they relate.

The lease liability is subsequently measured by increasing its carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing its carrying amount to reflect the lease payments made. The lease liability is remeasured (with a corresponding adjustment made to the related right-of-use asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options.

The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability, any initial direct costs incurred, the obligation to restore the asset, and any lease payments made in advance of the commencement date less any incentives received. The right-of-use asset is subsequently measured at cost less accumulated depreciation, applying the depreciation requirements in HKAS 16 Property, Plant and Equipment and is subject to impairment review whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Right-of-use assets are presented in property, plant and equipment, except for right-of-use assets that meet the definition of investment properties, which are presented in investment properties, and are subsequently measured at fair value, in accordance with the Group's accounting policy as set out in Note 3(l).

Lease liabilities are presented in other non-current liabilities with the payments due within 12 months from the balance sheet date classified in trade and other payables.

3. Principal Accounting Policies (cont'd)

(x) Leases (cont'd)

The Group as a lessee (cont'd)

Policy applicable prior to 1 July 2019

The Group (as a lessee) classified leases as finance leases if such leases transferred substantially all the risks and rewards of ownership of the underlying asset to the Group. All other leases were classified as operating leases, except for property held under operating leases that would otherwise meet the definition of an investment property which was classified as investment property and land held for own use under an operating lease, the fair value of which could not be measured separately from the fair value of a building situated thereon at the inception of the lease.

Where the Group had the use of assets held under operating leases, payments made under the leases were recognized as an expense on a straight line basis over the lease term, except where an alternative basis was more representative of the pattern of benefits to be derived from the leased asset. Contingent rentals were expensed in the period in which they were incurred.

Where the Group acquired the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets were recognized as property, plant and equipment and the corresponding liabilities were recorded as obligations under finance leases. Depreciation was provided at rates which wrote off the cost of the assets over the term of the relevant lease or the life of the asset. Contingent rentals were charged to profit or loss in the period in which they were incurred.

The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying asset to the lessee, and classified as an operating lease if it does not.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income from operating leases is recognized in accordance with Note 3(c)(ii).

(y) Non-current assets classified as held for sale

Non-current assets or disposal groups are classified as held for sale if it is highly probable that their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets and investment properties that are carried at fair value. The classification applies when the Group is committed to a sale arrangement involving the loss of control in a subsidiary, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

4. Segment Information

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

(a) Segment revenue and results

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

For the year ended 30 June 2020

	The Company and its subsidiaries		Associates and joint ventures			
	Revenue	Results	Share of revenue	Share of results	Combined revenue	Consolidated results
Property sales						
Hong Kong	36,268	15,965	605	368	36,873	16,333
Mainland China	3,497	1,667	862	367	4,359	2,034
Singapore	–	–	32	10	32	10
	39,765	17,632	1,499	745	41,264	18,377
Property rental						
Hong Kong	15,914	11,898	3,095	2,558	19,009	14,456
Mainland China	3,995	3,211	622	451	4,617	3,662
Singapore	–	–	588	447	588	447
	19,909	15,109	4,305	3,456	24,214	18,565
Hotel operations	2,595	(335)	480	5	3,075	(330)
Telecommunications	6,986	520	–	–	6,986	520
Transport infrastructure and logistics	4,051	1,181	3,490	184	7,541	1,365
Data centre operations	1,714	855	–	–	1,714	855
Other businesses	7,633	1,372	597	57	8,230	1,429
	82,653	36,334	10,371	4,447	93,024	40,781
Other net income/(loss)		831		(5)		826
Unallocated administrative expenses		(1,710)		–		(1,710)
Operating profit before changes in fair value of investment properties		35,455		4,442		39,897
Decrease in fair value of investment properties						
Hong Kong		(3,463)		(1,225)		(4,688)
Mainland China		(960)		(177)		(1,137)
Singapore		–		(246)		(246)
		(4,423)		(1,648)		(6,071)
Operating profit after changes in fair value of investment properties		31,032		2,794		33,826
Net finance costs		(2,120)		(452)		(2,572)
Profit before taxation		28,912		2,342		31,254
Taxation						
– Group		(6,197)		–		(6,197)
– Associates		–		8		8
– Joint ventures		–		(751)		(751)
Profit for the year		22,715		1,599		24,314

(Expressed in millions of Hong Kong dollars)

4. Segment Information (cont'd)

(a) Segment revenue and results (cont'd)

For the year ended 30 June 2019

	The Company and its subsidiaries		Associates and joint ventures			
	Revenue	Results	Share of revenue	Share of results	Combined revenue	Consolidated results
Property sales						
Hong Kong	36,518	16,372	23	23	36,541	16,395
Mainland China	2,055	1,105	2,717	1,197	4,772	2,302
	38,573	17,477	2,740	1,220	41,313	18,697
Property rental						
Hong Kong	16,555	12,741	3,143	2,632	19,698	15,373
Mainland China	4,035	3,310	631	436	4,666	3,746
Singapore	–	–	713	559	713	559
	20,590	16,051	4,487	3,627	25,077	19,678
Hotel operations	4,786	1,180	896	253	5,682	1,433
Telecommunications	8,415	823	–	–	8,415	823
Transport infrastructure and logistics	4,261	1,341	3,574	409	7,835	1,750
Data centre operations	1,561	765	–	–	1,561	765
Other businesses	7,116	1,186	415	56	7,531	1,242
	85,302	38,823	12,112	5,565	97,414	44,388
Other net income		740		30		770
Unallocated administrative expenses		(1,705)		–		(1,705)
Operating profit before changes in fair value of investment properties		37,858		5,595		43,453
Increase in fair value of investment properties						
Hong Kong		8,305		1,965		10,270
Mainland China		4,230		428		4,658
Singapore		–		25		25
		12,535		2,418		14,953
Operating profit after changes in fair value of investment properties		50,393		8,013		58,406
Net finance costs		(2,051)		(497)		(2,548)
Profit before taxation		48,342		7,516		55,858
Taxation						
– Group		(8,474)		–		(8,474)
– Associates		–		(62)		(62)
– Joint ventures		–		(1,313)		(1,313)
Profit for the year		39,868		6,141		46,009

Results from property sales include selling and marketing expenses of HK$779 million (2019: HK$518 million) and HK$74 million (2019: HK$144 million) that relate to pre-sale of property projects in Hong Kong and Mainland China, respectively.

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

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

4. Segment Information (cont'd)

(b) *Segment assets and liabilities*

The Group's assets and liabilities by reportable and operating segments are analyzed as follows:

	The Company and its subsidiaries	Associates and joint ventures	Total assets	Total liabilities
At 30 June 2020				
Property development				
Hong Kong	**188,097**	**2,761**	**190,858**	**(27,959)**
Mainland China	**15,027**	**7,421**	**22,448**	**(4,668)**
	203,124	**10,182**	**213,306**	**(32,627)**
Property investment				
Hong Kong	**285,999**	**47,433**	**333,432**	**(12,119)**
Mainland China	**97,246**	**9,476**	**106,722**	**(2,173)**
Singapore	**–**	**4,700**	**4,700**	**–**
	383,245	**61,609**	**444,854**	**(14,292)**
Hotel operations	**24,101**	**1,603**	**25,704**	**(393)**
Telecommunications	**8,029**	**–**	**8,029**	**(3,037)**
Transport infrastructure and logistics	**3,428**	**4,299**	**7,727**	**(1,349)**
Data centre operations	**8,765**	**–**	**8,765**	**(1,312)**
Other businesses	**11,900**	**1,089**	**12,989**	**(4,411)**
	642,592	**78,782**	**721,374**	**(57,421)**
Assets of subsidiaries contracted for sale			**37,584**	**–**
Bank deposits and cash			**31,705**	**–**
Financial investments			**3,427**	**–**
Bank and other borrowings			**–**	**(112,606)**
Unallocated corporate assets/(liabilities)			**3,741**	**(2,097)**
Current tax payable			**–**	**(12,654)**
Deferred tax liabilities			**–**	**(22,638)**
Total assets/(liabilities)			**797,831**	**(207,416)**
At 30 June 2019				
Property development				
Hong Kong	192,083	2,465	194,548	(25,716)
Mainland China	16,044	5,362	21,406	(3,000)
Singapore	–	26	26	–
	208,127	7,853	215,980	(28,716)
Property investment				
Hong Kong	289,435	48,137	337,572	(4,407)
Mainland China	99,374	6,111	105,485	(2,601)
Singapore	–	5,026	5,026	–
	388,809	59,274	448,083	(7,008)
Hotel operations	23,708	1,278	24,986	(513)
Telecommunications	7,289	–	7,289	(1,883)
Transport infrastructure and logistics	3,058	4,204	7,262	(754)
Data centre operations	5,738	–	5,738	(1,018)
Other businesses	10,753	1,142	11,895	(4,391)
	647,482	73,751	721,233	(44,283)
Bank deposits and cash			22,038	–
Financial investments			4,416	–
Bank and other borrowings			–	(95,006)
Unallocated corporate assets/(liabilities)			3,475	(1,674)
Current tax payable			–	(11,052)
Deferred tax liabilities			–	(23,328)
Total assets/(liabilities)			751,162	(175,343)

Notes to the Consolidated Financial Statements

(Expressed in millions of Hong Kong dollars)

4. Segment Information (cont'd)

(c) *Other segment information*

The Group's depreciation and amortization and additions to non-current assets by reportable and operating segments are analyzed as follows:

	Depreciation and amortization charged to consolidated income statement		Additions to non-current assets	
	2020	2019	**2020**	2019
Property investment for rental	**–**	–	**46,362**	5,083
Hotel operations	**511**	473	**664**	706
Telecommunications	**1,753**	941	**1,355**	555
Transport infrastructure and logistics	**635**	363	**215**	19
Data centre operations	**303**	239	**1,513**	6,524
Other businesses	**149**	117	**185**	210
Unallocated corporate assets	**30**	28	**13**	9
	3,381	2,161	**50,307**	13,106

(d) *Geographical information*

An analysis of the Group's non-current assets by geographical location is as follows:

	2020			2019		
	The Company and its subsidiaries	**Associates and joint ventures**	**Consolidated**	The Company and its subsidiaries	Associates and joint ventures	Consolidated
Hong Kong	**325,927**	**55,820**	**381,747**	324,788	56,264	381,052
Mainland China	**99,828**	**17,480**	**117,308**	101,951	11,738	113,689
Singapore	**–**	**4,700**	**4,700**	–	5,052	5,052
Others	**75**	**782**	**857**	180	697	877
	425,830	**78,782**	**504,612**	426,919	73,751	500,670
Other non-current assets			**6,954**			4,764
Financial investments			**2,603**			3,313
Total non-current assets			**514,169**			508,747

5. Revenue from Contracts with Customers

(a) *Disaggregation of revenue from contracts with customers*

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

For the year ended 30 June 2020

	Revenue from contracts with customers			Revenue from other sources	Total
	recognized at a point in time	**recognized over time**	**Subtotal**		
(i) By segments					
Property sales	**39,765**	**–**	**39,765**	**–**	**39,765**
Property rental	**–**	**2,102**	**2,102**	**17,807**	**19,909**
Hotel operations	**1,340**	**1,255**	**2,595**	**–**	**2,595**
Telecommunications	**2,406**	**4,580**	**6,986**	**–**	**6,986**
Transport infrastructure and logistics	**69**	**3,658**	**3,727**	**324**	**4,051**
Data centre operations	**–**	**1,714**	**1,714**	**–**	**1,714**
Property management	**247**	**4,057**	**4,304**	**–**	**4,304**
Department store operations	**2,587**	**–**	**2,587**	**–**	**2,587**
Financial services and others	**–**	**22**	**22**	**720**	**742**
	46,414	**17,388**	**63,802**	**18,851**	**82,653**
(ii) Geographical markets					
Hong Kong	**42,601**	**17,102**	**59,703**	**14,864**	**74,567**
Mainland China	**3,673**	**200**	**3,873**	**3,987**	**7,860**
Others	**140**	**86**	**226**	**–**	**226**
	46,414	**17,388**	**63,802**	**18,851**	**82,653**

(Expressed in millions of Hong Kong dollars)

5. Revenue from Contracts with Customers (cont'd)

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

For the year ended 30 June 2019

	Revenue from contracts with customers			Revenue	
	recognized at a point in time	recognized over time	Subtotal	from other sources	Total
(i) By segments					
Property sales	38,573	–	38,573	–	38,573
Property rental	–	2,083	2,083	18,507	20,590
Hotel operations	2,057	2,729	4,786	–	4,786
Telecommunications	3,781	4,634	8,415	–	8,415
Transport infrastructure and logistics	107	3,828	3,935	326	4,261
Data centre operations	–	1,561	1,561	–	1,561
Property management	283	3,921	4,204	–	4,204
Department store operations	2,264	–	2,264	–	2,264
Financial services and others	–	56	56	592	648
	47,065	18,812	65,877	19,425	85,302
(ii) Geographical markets					
Hong Kong	44,370	18,361	62,731	15,444	78,175
Mainland China	2,349	348	2,697	3,981	6,678
Others	346	103	449	–	449
	47,065	18,812	65,877	19,425	85,302

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

(b) Revenue recognized in relation to contract liabilities

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

During the year, the Group recognized revenue of HK$14,035 million (2019: HK$7,565 million) from sales of properties that were included in contract liabilities at the beginning of the year.

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

As of 30 June 2020, the aggregate amount of transaction price allocated to the remaining performance obligations under the Group's existing contracts of sales of properties was HK$46,405 million (2019: HK$48,527 million). This represents the aggregate amount of revenue expected to be recognized by the Group in the future, of which approximately 73% (2019: 77%) is expected to be recognized as revenue within one year when the control over the ownership or physical possession of the property is transferred to the customers. For all other contracts that have an original expected duration of one year or less or are billed directly according to performance completed to date, the Group has applied the practical expedient in paragraph 121 of HKFRS 15, Revenue from contracts with customers and does not disclose the amount of transaction price allocated to the remaining performance obligations.

6. Net Finance Costs

	Notes	2020	2019
Interest expenses	(a)	**3,345**	2,982
Notional non-cash interest accretion	(b)	**12**	17
Finance costs on lease liabilities		**52**	–
Less: Amount capitalized		**(881)**	(553)
		2,528	2,446
Interest income on bank deposits		**(408)**	(395)
		2,120	2,051

(a) Interest expenses have been capitalized for properties under development at rates ranging from 2.53% to 4.75% (2019: 2.70% to 4.78%) per annum.

(b) Notional non-cash interest accretion represents adjustments to accrete the carrying amount of asset retirement obligations and contractual obligations of mobile licence recognized in the consolidated statement of financial position to the present value of the estimated future cash flows expected to be required for their settlement in the future.

7. Profit before Taxation

	2020	2019
Profit before taxation is arrived at		
after charging:		
Cost of properties sold	**19,336**	18,073
Cost of inventories sold	**3,806**	4,912
Depreciation of property, plant and equipment	**2,832**	1,617
Amortization of intangible assets (included in cost of sales)	**549**	544
Amortization of contract acquisition costs	**1,200**	751
Impairment of intangible assets	**3**	4
Short-term lease expenses	**500**	–
Low-value assets lease expenses	**2**	–
Variable lease payment expenses	**185**	–
Operating lease rentals for land and buildings, transmission sites and leased lines	**–**	1,855
Staff costs (including directors' emoluments and retirement schemes contributions)	**8,620**	8,511
Share-based payments	**25**	19
Auditors' remuneration	**25**	24
Loss on disposal of financial assets at fair value through profit or loss	**40**	24
Fair value losses on financial assets at fair value through profit or loss	**–**	22
Loss on disposal of property, plant and equipment	**–**	34
and crediting:		
Dividend income from equity securities	**125**	154
Interest income from financial investments	**75**	84
Fair value gains on financial assets at fair value through profit or loss	**29**	–
Profit on disposal of property, plant and equipment	**6**	–

(Expressed in millions of Hong Kong dollars)

8. Directors' Emoluments and Five Highest Paid Individuals

The aggregate amounts of emoluments paid and payable to the directors of the Company during the year are as follows:

Name of director	Notes	Fees	Salaries, allowances and benefits	Discretionary bonuses	Retirement scheme contributions	(Note d) Share-based payments	2020 Total emoluments	2019 Total emoluments
Executive Directors								
Kwok Ping-luen, Raymond		**0.56**	**2.74**	**0.31**	**0.25**	**–**	**3.86**	3.86
Wong Chik-wing, Mike		**0.30**	**13.70**	**12.76**	**1.02**	**–**	**27.78**	27.73
Lui Ting, Victor		**0.30**	**11.44**	**15.30**	**1.02**	**–**	**28.06**	28.05
Kwok Kai-fai, Adam		**0.30**	**6.56**	**2.75**	**0.02**	**–**	**9.63**	9.63
Kwok Kai-wang, Christopher		**0.35**	**5.78**	**2.76**	**0.02**	**–**	**8.91**	8.91
Kwong Chun		**0.30**	**3.68**	**4.45**	**–**	**–**	**8.43**	7.97
Tung Chi-ho, Eric		**0.35**	**8.80**	**11.93**	**0.76**	**–**	**21.84**	22.24
Fung Yuk-lun, Allen		**0.51**	**7.50**	**13.00**	**0.38**	**3.68**	**25.07**	20.96
Non-Executive Directors								
Lee Shau-kee		**0.31**	**–**	**–**	**–**	**–**	**0.31**	0.31
Woo Po-shing	(a)	**0.05**	**–**	**–**	**–**	**–**	**0.05**	0.30
Kwan Cheuk-yin, William		**0.42**	**–**	**–**	**–**	**–**	**0.42**	0.42
Kwok Kai-chun, Geoffrey	(b)	**0.30**	**–**	**–**	**–**	**–**	**0.30**	0.16
Independent Non-Executive Directors								
Yip Dicky Peter		**0.64**	**–**	**–**	**–**	**–**	**0.64**	0.64
Wong Yue-chim, Richard		**0.44**	**–**	**–**	**–**	**–**	**0.44**	0.44
Li Ka-cheung, Eric		**0.97**	**–**	**–**	**–**	**–**	**0.97**	0.97
Fung Kwok-lun, William		**0.30**	**–**	**–**	**–**	**–**	**0.30**	0.30
Leung Nai-pang, Norman		**0.70**	**–**	**–**	**–**	**–**	**0.70**	0.70
Leung Kui-king, Donald		**0.58**	**–**	**–**	**–**	**–**	**0.58**	0.58
Leung Ko May-yee, Margaret		**0.30**	**–**	**–**	**–**	**–**	**0.30**	0.30
Fan Hung-ling, Henry		**0.30**	**–**	**–**	**–**	**–**	**0.30**	0.30
Wu Xiang-dong	(c)	**0.25**	**–**	**–**	**–**	**–**	**0.25**	–
Total 2020		**8.53**	**60.20**	**63.26**	**3.47**	**3.68**	**139.14**	134.77
Total 2019		8.39	58.19	64.25	3.36	0.58		

The above analysis included four (2019: four) individuals whose emoluments were among the five highest pay in the Group.

8. Directors' Emoluments and Five Highest Paid Individuals (cont'd)

Details of the emoluments paid to the remaining one (2019: one) individual are:

	2020	2019
Salaries, allowances and benefits in kind	**7.83**	7.58
Discretionary bonuses	**10.89**	11.05
Retirement scheme contributions	**0.72**	0.70
	19.44	19.33

Number of employee whose emoluments fell within:

Emoluments Band HK$Million	**2020** **Number** **of employee**	2019 Number of employee
19.0 – 19.5	**1**	1

(a) Mr. Woo Po-shing resigned as a Non-Executive Director on 31 August 2019.

(b) Mr. Kwok Kai-chun, Geoffrey was appointed as a Non-Executive Director on 21 December 2018.

(c) Mr. Wu Xiang-dong was appointed as an Independent Non-Executive Director on 1 September 2019.

(d) Share-based payments are the fair values of share options granted to employees (including directors), which are determined at the date of grant and expensed over the vesting period.

9. Staff Retirement Schemes

The Group operates a number of defined contribution schemes for all qualified employees. The assets of these schemes are held separately from those of the Group in independently administered funds. Contributions to these schemes are made by both the employers and employees at rates ranging from 5% to 10% on the employees' salary.

As required by the municipal or provincial social insurance laws and regulations, the Group made contributions to the pension insurance managed by the local municipal governments in Mainland China. The rates of contributions in general ranged from 13% to 20% of staff's monthly salary during the relevant period.

With effect from 1 December 2000, the Group sets up an employer sponsored scheme ("MPF Scheme") for other employees. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in independently administered funds. Pursuant to the rules of the MPF Scheme, the Group and its employees are each required to make contributions to the scheme at specific rates. Contributions of the Group to the MPF Scheme are charged to consolidated income statement as incurred.

Total contributions to the retirement schemes made by the Group during the year amounted to HK$362 million (2019: HK$364 million). Forfeited contributions for the year of HK$2 million (2019: HK$2 million) were used to reduce the existing level of contributions.

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(Expressed in millions of Hong Kong dollars)

10. Taxation

	2020	2019
Current tax expenses		
Hong Kong profits tax	**4,502**	4,822
(Over)/under provision in prior years	**(77)**	6
	4,425	4,828
Tax outside Hong Kong	**1,777**	1,280
Under provision in prior years	**1**	1
	1,778	1,281
Total current tax	**6,203**	6,109
Deferred tax expenses		
Changes in fair value of investment properties	**(477)**	1,856
Other origination and reversal of temporary differences	**471**	509
Total deferred tax	**(6)**	2,365
Total income tax expenses	**6,197**	8,474

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

(b) Reconciliation between tax expenses and accounting profit at applicable tax rate:

	2020	2019
Profit before share of results of associates, joint ventures and taxation	**28,912**	48,342
Tax at Hong Kong profits tax rate of 16.5% (2019: 16.5%)	**4,771**	7,977
Effect of different tax rates of subsidiaries operating outside Hong Kong	**749**	1,913
Net effect of non-deductible expenses and non-taxable income	**411**	(1,514)
Utilization of tax losses not previously recognized	**(82)**	(142)
Tax losses and other temporary differences not recognized	**238**	192
(Over)/under provision in prior years	**(76)**	7
Withholding tax on income distributions	**187**	43
Others	**(1)**	(2)
Tax expenses	**6,197**	8,474

11. Dividends

(a) Dividends payable to equity shareholders of the Company attributable to profit for the year

	2020	2019
Interim dividend declared and paid of HK$1.25 (2019: HK$1.25) per share	**3,622**	3,622
Final dividend proposed after the end of the reporting period of HK$3.70 (2019: HK$3.70) per share	**10,722**	10,722
	14,344	14,344

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

(b) Dividends payable to equity shareholders of the Company attributable to profit for the previous financial year, approved and paid during the year

	2020	2019
Final dividend in respect of the previous financial year, approved and paid during the year of HK$3.70 (2018: HK$3.45) per share	**10,722**	9,995

12. Earnings Per Share

(a) Reported earnings per share

The calculations of basic and diluted earnings per share are based on the Group's profit attributable to the Company's shareholders of HK$23,521 million (2019: HK$44,912 million).

The basic earnings per share is based on the weighted average number of shares in issue during the year of 2,897,778,151 (2019: 2,897,232,781) shares. The diluted earnings per share is based on 2,897,778,583 (2019: 2,897,292,613) shares which is the weighted average number of shares in issue during the year plus the weighted average number of 432 (2019: 59,832) shares deemed to be issued at no consideration if all outstanding options had been exercised.

(b) Underlying earnings per share

For the purpose of assessing the underlying performance of the Group, basic and diluted earnings per share are additionally calculated based on the underlying profit attributable to the Company's shareholders of HK$29,368 million (2019: HK$32,398 million), excluding the net effect of changes in the valuation of investment properties. A reconciliation of profit is as follows:

	2020	2019
Profit attributable to the Company's shareholders as shown in the consolidated income statement	**23,521**	44,912
Decrease/(increase) in fair value of investment properties		
Subsidiaries	**4,423**	(12,535)
Associates	**27**	(63)
Joint ventures	**1,621**	(2,355)
	6,071	(14,953)
Effect of corresponding deferred tax expenses		
Subsidiaries	**(477)**	1,856
Joint ventures	**(100)**	188
Non-controlling interests	**16**	48
Unrealized fair value losses/(gains) of investment properties net of deferred tax	**5,510**	(12,861)
Fair value gains realized on disposal of investment properties net of deferred tax	**337**	347
Net effect of changes in fair value of investment properties	**5,847**	(12,514)
Underlying profit attributable to the Company's shareholders	**29,368**	32,398

(Expressed in millions of Hong Kong dollars)

13. Investment Properties

(a) Movement during the year

	Completed	Under development	Total
Valuation			
At 1 July 2018	314,398	55,079	369,477
Additions	1,038	4,045	5,083
Transfer upon completion	6,880	(6,880)	–
Redesignate from property, plant and equipment	–	5,062	5,062
Disposals	(209)	–	(209)
Transfer to			
– property, plant and equipment	(118)	–	(118)
– properties for sale	–	(1,370)	(1,370)
Exchange difference	(2,448)	(1,400)	(3,848)
Increase in fair value	10,543	1,992	12,535
At 30 June 2019 and 1 July 2019	330,084	56,528	386,612
Additions	**951**	**45,411**	**46,362**
Transfer from property, plant and equipment	**16**	**–**	**16**
Disposals	**(408)**	**–**	**(408)**
Transfer to			
– property, plant and equipment	**(2,250)**	**–**	**(2,250)**
– properties for sale	**–**	**(4,057)**	**(4,057)**
– assets of subsidiaries contracted for sale	**–**	**(37,584)**	**(37,584)**
Exchange difference	**(2,351)**	**(1,200)**	**(3,551)**
Decrease in fair value	**(3,608)**	**(815)**	**(4,423)**
At 30 June 2020	**322,434**	**58,283**	**380,717**

(b) Investment properties valuation

The Group's investment properties were valued at their fair values at 30 June 2020 and 30 June 2019 by Knight Frank Petty Limited, an independent firm of qualified valuers. The current use of the investment properties equates to their highest and best use.

Fair values of the Group's investment properties are categorized as Level 3 measurement in the three-level fair value hierarchy. During the year, there were no transfers between different levels within the fair value hierarchy.

The Group's completed investment properties are valued using the income capitalization method by capitalizing the net income from the existing tenancies with due allowance for reversionary income potential at appropriate capitalization rates for individual properties. The capitalization rate adopted, which varies according to the type and class of property concerned, its location and the type of tenant in occupation, is derived by reference to the yields achieved from analysis of recent comparable property investment transactions and encapsulates future expectations of the investors regarding income and capital growth and perceived risks.

13. Investment Properties (cont'd)

(b) Investment properties valuation (cont'd)

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

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

	Fair value		Weighted average capitalization rate	
	2020	2019	**2020**	2019
Completed				
Hong Kong	**259,103**	264,069	**5.1%**	5.1%
Mainland China	**63,331**	66,015	**6.6%**	6.6%
	322,434	330,084		
Under development				
Hong Kong	**25,319**	24,071	**4.4%**	3.6%
Mainland China	**32,964**	32,457	**6.5%**	6.4%
	58,283	56,528		

The fair values of the Group's investment properties are inversely related to capitalization rates, which are determined by investors' expectations on investment yields, rental growth and the risk profile of the properties being valued. A lower (higher) capitalization rate would imply a higher (lower) property value.

(c) Profit on disposal of the Group's investment properties during the year amounted to HK$234 million (2019: HK$107 million).

(d) Gross rental income and direct operating expenses from investment properties during the year amounted to HK$18,799 million (2019: HK$19,594 million) and HK$4,503 million (2019: HK$4,236 million) respectively.

(Expressed in millions of Hong Kong dollars)

14. Property, Plant and Equipment

Movement during the year

	Ownership interests in leasehold land and buildings held for own use						
	Hotel properties	**Other completed properties**	**Properties under development**	**Sub-total**	**Other properties leased for own use**	**Plant and equipment**	**Total**
Cost							
At 1 July 2018	13,552	7,931	13,868	35,351	–	12,993	48,344
Additions	33	–	6,396	6,429	–	1,594	8,023
Transfer upon completion	4,229	151	(4,401)	(21)	–	21	–
Transfer from completed investment properties	–	118	–	118	–	–	118
Redesignate to investment properties under development	–	–	(5,062)	(5,062)	–	–	(5,062)
Disposals	–	–	–	–	–	(441)	(441)
Exchange difference	(69)	(3)	(78)	(150)	–	(19)	(169)
At 30 June 2019 (Originally stated)	17,745	8,197	10,723	36,665	–	14,148	50,813
Initial adoption of HKFRS 16 (Note 2)	**–**	**(301)**	**–**	**(301)**	**2,173**	**(16)**	**1,856**
At 1 July 2019 (Restated)	**17,745**	**7,896**	**10,723**	**36,364**	**2,173**	**14,132**	**52,669**
Additions	**18**	**87**	**1,175**	**1,280**	**814**	**1,851**	**3,945**
Transfer upon completion	**2,690**	**–**	**(2,690)**	**–**	**–**	**–**	**–**
Transfer from completed investment properties	**–**	**2,250**	**–**	**2,250**	**–**	**–**	**2,250**
Transfer from plant and equipment	**–**	**13**	**–**	**13**	**–**	**–**	**13**
Transfer to completed investment properties	**–**	**(16)**	**–**	**(16)**	**–**	**–**	**(16)**
Transfer to other completed properties	**–**	**–**	**–**	**–**	**–**	**(13)**	**(13)**
Disposals	**(1)**	**(15)**	**–**	**(16)**	**–**	**(311)**	**(327)**
Exchange difference	**(59)**	**(2)**	**(78)**	**(139)**	**–**	**(14)**	**(153)**
At 30 June 2020	**20,393**	**10,213**	**9,130**	**39,736**	**2,987**	**15,645**	**58,368**
Accumulated depreciation and impairment							
At 1 July 2018	3,907	2,199	–	6,106	–	7,651	13,757
Charge for the year	434	174	–	608	–	1,009	1,617
Disposals	–	–	–	–	–	(395)	(395)
Exchange difference	(14)	(1)	–	(15)	–	(13)	(28)
At 30 June 2019 (Originally stated)	4,327	2,372	–	6,699	–	8,252	14,951
Initial adoption of HKFRS 16 (Note 2)	**–**	**(212)**	**–**	**(212)**	**217**	**(5)**	**–**
At 1 July 2019 (Restated)	**4,327**	**2,160**	**–**	**6,487**	**217**	**8,247**	**14,951**
Charge for the year	**467**	**196**	**–**	**663**	**1,077**	**1,092**	**2,832**
Impairment loss	**–**	**–**	**–**	**–**	**10**	**75**	**85**
Disposals	**(1)**	**(3)**	**–**	**(4)**	**–**	**(295)**	**(299)**
Exchange difference	**(14)**	**(1)**	**–**	**(15)**	**–**	**(11)**	**(26)**
At 30 June 2020	**4,779**	**2,352**	**–**	**7,131**	**1,304**	**9,108**	**17,543**
Net book value at 30 June 2020	**15,614**	**7,861**	**9,130**	**32,605**	**1,683**	**6,537**	**40,825**
Net book value at 30 June 2019	13,418	5,825	10,723	29,966	–	5,896	35,862

14. Property, Plant and Equipment (cont'd)

Included in the above line items are the following rights-of-use assets in relation to ownership interests in leasehold land and other properties leased by the Group for own use:

		During the year ended 30 June 2020		Net book value	
	Notes	**Additions**	**Depreciation**	**30 June 2020**	1 July 2019
Right-of-use assets					
Ownership interests in leasehold land held for own use	(i)	**76**	**153**	**13,663**	13,797
Other properties leased for own use	(ii)	**814**	**1,077**	**1,683**	1,956
		890	**1,230**	**15,346**	15,753

(i) The Group holds ownership interests in leasehold land primarily for its hotel operations, data centre and logistics business, and for use as corporate headquarter. Land premium or lump sum payments were made upfront to acquire these land interests, and there are no ongoing lease payments to be made under the terms of the land lease. The leasehold land interests are depreciated over the unexpired term of their respective leases.

(ii) The Group has obtained the right to use other properties (held by external third parties) as retail stores, offices and for transport logistics business, car parking operations and installation of telecommunications equipment through lease or tenancy contracts which were previously classified as operating leases under HKAS 17. As discussed in Note 2, the Group has initially applied HKFRS 16 using the modified retrospective method and adjusted the opening balances at 1 July 2019 to recognize right-of-use assets relating to these leases. Depreciation is provided to write off the cost of the leased asset over the shorter of the expected lease term and its estimated useful life. These leases have varying terms ranging from one to fifteen years. Certain of these leases include an option to renew the lease for an additional period after the end of the contract term.

(Expressed in millions of Hong Kong dollars)

15. Associates

	2020	2019
Unlisted shares, at cost less impairment loss	**28**	28
Hong Kong listed shares, at cost	**1,651**	1,469
Share of post-acquisition reserves	**4,618**	4,510
	6,297	6,007
Amounts due from associates	**9**	7
	6,306	6,014
Market value of Hong Kong listed shares	**2,727**	3,901

Amounts due from associates are unsecured, interest free and have no fixed terms of repayment and are repayable as may from time to time be agreed among the shareholders.

The Group's effective interest in the revenue, results, assets and liabilities of its associates are summarized below:

	2020	2019
Investment properties	**2,703**	2,526
Other non-current assets	**5,005**	4,632
Current assets	**1,972**	1,717
Current liabilities	**(1,220)**	(822)
Non-current liabilities	**(2,163)**	(2,046)
Net assets	**6,297**	6,007
Revenue	**3,262**	3,341
Fair value changes of investment properties net of related deferred tax	**(27)**	63
Profit for the year	**181**	445

Particulars regarding principal associates are set out in the section headed "Principal Associates" of the Annual Report 2020.

16. Joint Ventures

	2020	2019
Unlisted shares, at cost less impairment loss	**9,766**	3,079
Share of post-acquisition reserves	**53,564**	56,148
	63,330	59,227
Amounts due from joint ventures	**9,146**	8,510
	72,476	67,737

Amounts due from joint ventures are unsecured, interest free and have no fixed terms of repayment and are repayable as may from time to time be agreed among the shareholders except for the amounts of HK$1,670 million (2019: HK$1,670 million) which are interest bearing at market rates.

The Group's effective interest in the revenue, results, assets and liabilities of its joint ventures are summarized below:

	2020	2019
Investment properties	**78,720**	77,445
Other non-current assets	**3,935**	4,084
Current assets	**22,697**	18,281
Current liabilities	**(18,197)**	(14,849)
Non-current liabilities	**(23,825)**	(25,734)
Net assets	**63,330**	59,227
Revenue	**7,109**	8,771
Fair value changes of investment properties net of related deferred tax	**(1,521)**	2,167
Profit for the year	**1,418**	5,696

Particulars regarding principal joint ventures are set out in the section headed "Principal Joint Ventures" of the Annual Report 2020.

(Expressed in millions of Hong Kong dollars)

17. Financial Investments

	2020			
	Measured at FVTPL	**Measured at FVOCI**	**Measured at amortized cost**	**Total**
Non-current assets				
Debt securities	**159**	**141**	**470**	**770**
Equity securities	**308**	**1,525**	**–**	**1,833**
	467	**1,666**	**470**	**2,603**
Current assets				
Debt securities	**–**	**59**	**155**	**214**
Equity securities	**610**	**–**	**–**	**610**
	610	**59**	**155**	**824**

	2019			
	Measured at FVTPL	Measured at FVOCI	Measured at amortized cost	Total
Non-current assets				
Debt securities	337	177	675	1,189
Equity securities	248	1,876	–	2,124
	585	2,053	675	3,313
Current assets				
Debt securities	–	130	321	451
Equity securities	652	–	–	652
	652	130	321	1,103

18. Intangible Assets

	Concession assets	Mobile licences	Goodwill	Total
Cost				
At 1 July 2018	6,934	4,779	151	11,864
Additions	22	–	–	22
Disposals	(23)	–	–	(23)
At 30 June 2019 and 1 July 2019	6,933	4,779	151	11,863
Additions	**–**	**395**	**–**	**395**
At 30 June 2020	**6,933**	**5,174**	**151**	**12,258**
Accumulated amortization and impairment				
At 1 July 2018	5,148	1,729	11	6,888
Amortization	259	285	–	544
Impairment	–	–	4	4
Disposals	(18)	–	–	(18)
At 30 June 2019 and 1 July 2019	5,389	2,014	15	7,418
Amortization	**261**	**288**	**–**	**549**
Impairment	**–**	**–**	**3**	**3**
At 30 June 2020	**5,650**	**2,302**	**18**	**7,970**
Net book value at 30 June 2020	**1,283**	**2,872**	**133**	**4,288**
Net book value at 30 June 2019	1,544	2,765	136	4,445

Concession assets represent cost of tunnel, approach road and buildings, electrical and mechanical systems under the service concession arrangement with the HKSAR Government to participate in the development, financing, operation and maintenance of toll road infrastructure, which have finite useful lives of 27 years, and are amortized on a straight line basis.

Mobile licences represent the upfront payments and the present value of the annual fixed fees payable over the licence period, which have finite useful lives ranging from 12 to 15 years, and are amortized on a straight line basis. The corresponding non-current and current portion of these contractual liabilities are recorded in other non-current liabilities and other payables respectively.

Goodwill represents the excess of the cost of acquisition over the net fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiaries. At the year end date, an impairment test was performed by comparing the carrying amount of the business with the recoverable amount.

19. Other Non-Current Assets

	Note	2020	2019
Mortgage loan receivables		**7,375**	5,680
Other loan receivables		**705**	1,032
Less: Amount due within one year included under trade and other receivables		**(1,491)**	(2,088)
		6,589	4,624
Derivative financial instruments	20	**365**	140
		6,954	4,764

Mortgage loan receivables are secured by first or second mortgages on properties and repayable by monthly instalments with tenors up to 25 years (2019: 25 years) at the year end date and carry interest at rates with reference to banks' lending rates. The balance includes first mortgage loans of HK$4,959 million (2019: HK$3,925 million).

(Expressed in millions of Hong Kong dollars)

20. Derivative Financial Instruments

	Notes	2020		2019	
		Assets	**Liabilities**	Assets	Liabilities
Fair value hedges					
– interest rate swaps		**46**	**–**	35	–
– cross currency interest rate swaps		**–**	**200**	–	149
		46	**200**	35	149
Cash flow hedges					
– cross currency interest rate swaps		**328**	**–**	105	–
Not designated as accounting hedges					
– cross currency interest rate swap		**–**	**–**	18	–
– forward foreign exchange contacts		**3**	**–**	1	1
		3	**–**	19	1
		377	**200**	159	150
Representing:					
Current portion	22 & 25	**12**	**200**	19	–
Non-current portion	19 & 29	**365**	**–**	140	150
		377	**200**	159	150

At the year end date, the Group had outstanding derivative financial instruments analyzed as follow:

	Maturing date	Notional principal amount	
		2020	2019
Designated as accounting hedges			
– interest rate swaps and cross currency interest rate swaps	Feb 2021 – Jan 2030 (2019: Sep 2019 – Feb 2029)	**20,315**	14,297
Not designated as accounting hedges			
– cross currency interest rate swap	(2019: May 2020)	**–**	3,892
– forward foreign exchange contracts	Dec 2020 – Apr 2021 (2019: May 2020 – Dec 2020)	**116**	123
		116	4,015
		20,431	18,312

21. Properties for Sale

	2020	2019
Stock of completed properties for sale	**45,237**	37,589
Properties pending/under development for sale	**150,916**	158,518
	196,153	196,107

22. Trade and Other Receivables

	Notes	2020	2019
Trade receivables	(a)	**3,343**	7,896
Other account receivables, deposits and prepayments	(b)	**11,551**	11,948
Deposits for acquisition of properties		**143**	204
Contract assets	(c)	**489**	656
Short-term loans	19	**1,491**	2,088
Derivative financial instruments	20	**12**	19
		17,029	22,811

(a) At 30 June 2020, 65% (2019: 86%) of trade receivables are aged less than 30 days, 14% (2019: 4%) between 31 to 60 days, 5% (2019: 2%) between 61 to 90 days and 16% (2019: 8%) more than 90 days.

Impairment losses in respect of trade receivables are recorded using an allowance account based on expected credit losses. When the Group is satisfied that recovery of the amount is remote, the impairment loss is written off against trade receivables directly. Impairment losses in respect of trade receivable as at 30 June 2020 amounted to HK$59 million (2019: HK$31 million).

(b) The balance includes contract acquisition costs of HK$822 million (2019: HK$725 million) primarily related to incremental commission costs incurred to obtain property sales and telecommunication services contracts with customers. There was no impairment loss in relation to the cost capitalized.

(c) The contract assets primarily relate to the Group's right to consideration for unbilled revenue in relation to services rendered for use of data centre and IT facilities, telecommunication and construction services at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

23. Bank Deposits and Cash

Deposits with banks are interest bearing at prevailing market rates. About 30% (2019: 37%) of the Group's bank deposits and cash are denominated in Hong Kong dollars, 41% (2019: 48%) in Renminbi and 29% (2019: 15%) in US dollars.

24. Bank and Other Borrowings

	Note	2020	2019
Unsecured bank overdrafts		**122**	194
Long-term bank and other borrowings due within one year	27	**26,253**	8,974
		26,375	9,168

(Expressed in millions of Hong Kong dollars)

25. Trade and Other Payables

	Notes	2020	2019
Trade payables	(a)	**2,809**	2,909
Other payables and accrued expenses		**23,433**	23,857
Contract liabilities	(b)	**585**	615
Amounts due to non-controlling interests	(c)	**1,355**	1,318
Lease liabilities	29	**856**	–
Deposits received for disposal of subsidiaries	37	**7,613**	–
Derivative financial instruments	20	**200**	–
		36,851	28,699

(a) At 30 June 2020, 58% (2019: 50%) of trade payables are aged less than 30 days, 10% (2019: 19%) between 31 to 60 days, 5% (2019: 5%) between 61 to 90 days and 27% (2019: 26%) more than 90 days.

(b) The contract liabilities relate primarily to advance payments received from customers in respect of use of data centre and IT facilities, telecommunication and construction services.

(c) The amounts due to non-controlling interests are interest free, unsecured and have no fixed terms of repayment.

26. Deposits Received on Sales of Properties

The Group receives payments from customers based on payment schedules established in contracts. The Group receives certain percentage of the agreed transaction price as a deposit when the Group signs a contract with the customers. Typically, the remaining balance is paid upon closing of the contracts when the properties are assigned to the customers. In many cases, the Group receives some further deposits from customers prior to the closing of the contracts. In some arrangements relating to sales of uncompleted properties, the customers agree to pay the balance of consideration early during the property construction period, rather than on assignment. All such deposits received are recognized as contract liabilities until the Group satisfies its performance obligations by transferring the control of the properties to the customers, at which time the contract liabilities are recognized as revenue.

Changes in contract liabilities in respect of deposits received on sales of properties during the year:

	2020	2019
At 1 July	**16,983**	12,230
Exchange difference	**(85)**	(105)
Decrease as a result of recognizing revenue during the year	**(14,035)**	(7,565)
Increase as a result of receiving sales deposits during the year	**18,599**	12,423
At 30 June	**21,462**	16,983

27. Bank and Other Borrowings

The Group's long-term bank and other loans are repayable as follows:

	Note	2020	2019
Secured bank loans repayable			
Within one year		**260**	260
After one year but within two years		**260**	260
After two years but within five years		**274**	512
After five years		**62**	64
		856	1,096
Unsecured bank loans repayable			
Within one year		**17,790**	8,216
After one year but within two years		**7,675**	5,484
After two years but within five years		**33,119**	38,067
After five years		**3,236**	3,328
		61,820	55,095
Bonds and notes repayable			
Within one year		**8,203**	498
After one year but within two years		**7,624**	8,326
After two years but within five years		**8,524**	15,224
After five years		**25,457**	14,573
		49,808	38,621
		112,484	94,812
Less: Amount due within one year included under current liabilities	24	**(26,253)**	(8,974)
		86,231	85,838

(Expressed in millions of Hong Kong dollars)

27. Bank and Other Borrowings (cont'd)

The fair values of the long-term borrowings as estimated by discounting their future cash flows at the prevailing market borrowing rates at the year end date for similar borrowings are as follows:

	Carrying amount		Fair value	
	2020	2019	**2020**	2019
Secured bank loans	**596**	836	**596**	836
Unsecured bank loans	**44,030**	46,879	**44,147**	46,868
Bonds and notes	**41,605**	38,123	**44,621**	38,970
	86,231	85,838	**89,364**	86,674

(a) Secured bank loans related to bank borrowings of the Group's subsidiaries which are secured by way of legal charges over certain of its assets and business undertakings.

(b) The above bank loans are repayable on various dates up to November 2038 (2019: November 2038) and carry interest, after hedging where appropriate, at effective rate per annum of 1.93% (2019: 3.22%).

(c) The bonds and notes are repayable on various dates up to April 2032 (2019: March 2029), unsecured and carry interest, after hedging where appropriate, at effective rate per annum of 3.31% (2019: 3.54%).

(d) The carrying amount of the gross borrowings by currency (after cross currency interest rate swaps) is as follows:

	2020	2019
Hong Kong dollars	**81,670**	74,506
US dollars	**11,732**	8,052
Renminbi	**18,006**	11,292
British pound	**1,198**	1,156
	112,606	95,006

28. Deferred Tax Liabilities

Deferred income tax assets and liabilities are offset when taxes relate to the same tax authority and where offsetting is legally enforceable. The Group has not recognized deferred tax assets arising from tax losses and deductible temporary differences as it is uncertain that the related tax benefits can be realized through future taxable profit. The components of the carrying amount of deferred tax liabilities and the movements during the year are as follows:

	Accelerated tax depreciation	Revaluation of properties	Tax losses	Others	Total
At 1 July 2018	6,231	15,524	(150)	55	21,660
Charged/(credited) to consolidated income statement	547	1,856	(53)	15	2,365
Charged to reserve	–	–	–	3	3
Exchange difference	(76)	(622)	1	(3)	(700)
At 30 June 2019 and 1 July 2019	6,702	16,758	(202)	70	23,328
Disposal of subsidiaries	**(1)**	**–**	**–**	**–**	**(1)**
Charged/(credited) to consolidated income statement	**560**	**(485)**	**(85)**	**4**	**(6)**
Exchange difference	**(76)**	**(606)**	**2**	**(3)**	**(683)**
At 30 June 2020	**7,185**	**15,667**	**(285)**	**71**	**22,638**

At the year end date, the Group has unrecognized tax losses and deductible temporary differences of HK$4,849 million (2019: HK$4,209 million), of which HK$312 million (2019: HK$177 million) of tax losses will expire at various dates up to 2025 (2019: 2024). Recognition of these unrecognized tax losses depends on future taxable profits available and losses agreed with the relevant tax authorities.

29. Other Non-Current Liabilities

	Notes	2020	2019
Asset retirement and other obligations		**50**	42
Contractual obligations for mobile licences		**370**	83
Lease liabilities	(a)	**785**	–
Derivative financial instruments	20	**–**	150
		1,205	275

(a) At 30 June 2020, the Group's lease liabilities are repayable as follows:–

Within one year	**856**
After one year but within two years	**333**
After two years but within five years	**216**
After five years	**236**
	1,641
Less: Amount due within one year included under trade and other payables	**(856)**
	785

(Expressed in millions of Hong Kong dollars)

30. Share Capital

	2020		2019	
	Number of shares in million	**Amount**	Number of shares in million	Amount
Issued and fully paid:				
Ordinary shares				
At beginning of year	**2,898**	**70,683**	2,897	70,612
Shares issued on exercise of share options	**–**	**20**	1	71
At end of year	**2,898**	**70,703**	2,898	70,683

During the year ended 30 June 2020, 164,500 shares (2019: 609,500 shares) were issued on exercise of share options.

31. Perpetual Capital Securities

On 23 May 2017, the Group issued US$500 million senior perpetual capital securities which are redeemable at the Group's option on or after 23 May 2020. Distributions are payable semi-annually in arrears at a fixed rate of 4.45 per cent per annum, which may be deferred at the Group's discretion and in which event, the Company and the issuer will not declare or pay any dividends or distributions or redeem, reduce, cancel, buy back or otherwise acquire any of the Company's and/or the issuer's securities of lower or equal rank.

The Group is considered to have no contractual obligations to call its principal or to pay any distributions. The perpetual capital securities do not meet the definition for classification as a financial liability. They are presented within equity and distributions are treated as dividends.

During the year ended 30 June 2019, the Group bought back US$9 million senior perpetual capital securities for a total consideration of HK$58 million.

32. Share Option Scheme

The Company has a share option scheme which was adopted on 15 November 2012 ("the Scheme"), whereby the directors of the Company may grant options to eligible employees, including executive directors of the Company and its subsidiaries, to subscribe for shares in the Company. Details of the Scheme adopted by the Company are set out in the Directors' Report of the Annual Report 2020.

The Scheme

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

(a) Movements in share options to subscribe for ordinary shares in the Company during the year ended 30 June 2020 are as follows:

			Number of share options				
Date of grant	**Exercise price**	**Exercisable period**	**At 1 July 2019**	**Granted during the year**	**Exercised during the year**	**Lapsed/ cancelled during the year**	**At 30 June 2020**
11 July 2014	HK$106.80	11.7.2015 to 10.7.2019	**164,500**	**–**	**(164,500)**	**–**	**–**
Weighted average exercise prices (HK$)			**106.80**	**–**	**106.80**	**–**	**–**

Movements in share options to subscribe for ordinary shares in the Company under the Scheme during the year ended 30 June 2019 are as follows:

			Number of share options				
Date of grant	Exercise price	Exercisable period	At 1 July 2018	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	At 30 June 2019
12 July 2013	HK$102.30	12.7.2014 to 11.7.2018	141,000	–	(141,000)	–	–
11 July 2014	HK$106.80	11.7.2015 to 10.7.2019	633,000	–	(468,500)	–	164,500
			774,000	–	(609,500)	–	164,500
Weighted average exercise prices (HK$)			105.98	–	105.76	–	106.80

(b) Details of share options exercised
Share options exercised during the year resulted in 164,500 (2019: 609,500) shares being issued. The related weighted average share price at the time of exercise was HK$134.74 (2019: HK$130.71) per share.

(Expressed in millions of Hong Kong dollars)

33. Parent Company Statement of Financial Position

	Notes	2020	2019
Non-current assets			
Subsidiaries	(a)	**31,358**	31,360
Current assets			
Amounts due from subsidiaries		**183,819**	176,628
Trade and other receivables		**32**	33
Bank deposits and cash		**46**	41
		183,897	176,702
Current liabilities			
Trade and other payables		**(85)**	(81)
Net current assets		**183,812**	176,621
Total assets less current liabilities		**215,170**	207,981
Non-current liabilities			
Other borrowings		**(1,315)**	(1,363)
NET ASSETS		**213,855**	206,618
CAPITAL AND RESERVES			
Share capital	30	**70,703**	70,683
Reserves	(b)	**143,152**	135,935
SHAREHOLDERS' EQUITY		**213,855**	206,618

Directors:
Kwok Ping-luen, Raymond
Lui Ting, Victor

(a) Particulars regarding principal subsidiaries are set out in the section headed "Principal Subsidiaries" of the Annual Report 2020.

(b) The movement of reserves during the year are as follows:

	Capital reserve	Retained profits	Total
At 1 July 2018	5,306	123,082	128,388
Transfer to share capital upon shares issued on exercise of share options	(7)	–	(7)
Profit for the year	–	21,171	21,171
Final dividend paid for the year ended 30 June 2018	–	(9,995)	(9,995)
Interim dividend paid for the year	–	(3,622)	(3,622)
At 30 June 2019 and 1 July 2019	5,299	130,636	135,935
Transfer to share capital upon shares issued on exercise of share options	**(2)**	**–**	**(2)**
Profit for the year	**–**	**21,563**	**21,563**
Final dividend paid for the year ended 30 June 2019	**–**	**(10,722)**	**(10,722)**
Interim dividend paid for the year	**–**	**(3,622)**	**(3,622)**
At 30 June 2020	**5,297**	**137,855**	**143,152**

Reserves of the Company available for distribution to equity shareholders of the Company as at 30 June 2020 amounted to HK$137,855 million (2019: HK$130,636 million).

34. Notes to Consolidated Statement of Cash Flows

(a) Reconciliation of operating profit to cash generated from operations

	2020	2019
Operating profit before changes in fair value of investment properties	35,455	37,858
Depreciation and amortization	4,581	2,912
Profit on disposal of investment properties	(234)	(107)
(Profit)/loss on disposal of property, plant and equipment	(6)	34
Dividend income from equity securities	(125)	(154)
Loss on disposal of long-term financial investments	1	–
Interest income from investments	(126)	(156)
Share-based payments	25	19
Other non-cash items	121	17
Exchange difference	125	208
Operating cash inflow	**39,817**	40,631
Decrease in properties for sale	6,813	1,675
Additions to properties pending development for sale	(2,384)	(19,248)
(Increase)/decrease in inventories	(11)	84
Decrease/(increase) in trade and other receivables	3,744	(2,212)
Decrease/(increase) in financial assets at fair value through profit or loss	25	(10)
Decrease in trade and other payables	(619)	(2,062)
Increase in deposits received on sales of properties	4,479	4,753
Changes in working capital	**12,047**	(17,020)
Cash generated from operations	**51,864**	23,611

(b) Analysis of the balance of cash and cash equivalents at end of year

	2020	2019
Bank deposits and cash	31,705	22,038
Bank overdrafts	(122)	(194)
	31,583	21,844
Less: Bank deposits maturing after more than three months	(428)	(409)
Less: Pledged bank deposits	(5)	(5)
	31,150	21,430

(Expressed in millions of Hong Kong dollars)

34. Notes to Consolidated Statement of Cash Flows (cont'd)

(c) Reconciliation of the carrying amounts of liabilities relating to financing activities

	Bank and other borrowings	Amounts due to non-controlling interests	Lease liabilities	Total
At 1 July 2018	91,249	1,399	–	92,648
Cash flows	4,055	(78)	–	3,977
Adjustment due to fair value change of financial instruments	(101)	–	–	(101)
Net exchange difference	(391)	–	–	(391)
Other non-cash movements	–	(3)	–	(3)
At 30 June 2019 (Originally stated)	94,812	1,318	–	96,130
Lease liabilities recognized upon initial adoption of HKFRS 16	**–**	**–**	**1,867**	**1,867**
At 1 July 2019 (Restated)	**94,812**	**1,318**	**1,867**	**97,997**
Cash flows	**18,191**	**37**	**(1,029)**	**17,199**
Adjustment due to fair value change of financial instruments	**(40)**	**–**	**–**	**(40)**
Net exchange difference	**(479)**	**–**	**–**	**(479)**
New leases arranged during the year	**–**	**–**	**803**	**803**
At 30 June 2020	**112,484**	**1,355**	**1,641**	**115,480**

35. Joint Operations

At the year end date, the aggregate amounts of assets and liabilities recognized in the consolidated financial statements relating to the Group's interests in joint operations are as follows:

	2020	2019
Investment properties	**19,962**	19,771
Stocks of completed properties for sale	**173**	174
Properties pending/under development for sale	**2,754**	2,591
	22,889	22,536
Trade and other payables	**371**	366
Current tax payables	**85**	91
Deferred tax liabilities	**184**	174
	640	631
Revenue	**940**	1,026
Expenses	**230**	227

36. Related Party Transactions

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

	Associates		Joint ventures	
	2020	2019	**2020**	2019
Interest income	**–**	–	**86**	75
Rental income	**–**	–	**2**	2
Cash rental paid	**1**	1	**57**	57
Other revenue from services rendered	**143**	123	**171**	239
Purchase of goods and services	**–**	–	**386**	345

(b) On 16 December 2019, the Group completed a related party transaction with Somerpath International Limited ("Somerpath") whereby Somerpath acquired a 25% equity interest in Vivid Synergy Limited, a wholly owned subsidiary of the Company, which together with its wholly-owned subsidiaries owns the office portion of a proposed investment property development on a site situated in Kowloon West which the Group acquired through government tender in November 2019. The disposal was effected by way of sale of issued share capital of and assignment of the outstanding loan owing to the Group by these wholly-owned subsidiaries for an aggregate cash consideration of HK$940 million.

Somerpath is owned by the Kwok Family companies which are controlled by certain discretionary trusts where certain directors of the Company are the beneficiaries of those trusts. These transactions are considered related party transactions and also constitute connected transactions as defined under the Listing Rules.

In addition, Somerpath advanced a loan of HK$8,455 million in proportion to its shareholding to fund the balance payment of the land premium attributable to the office portion of the site. On 3 June 2020, the entire shareholder loan of HK$9,394 million from Somerpath was converted into equity of Vivid Synergy Limited by way of loan capitalization, and accordingly reported as non-controlling interests in the consolidated statement of financial position.

(c) Emoluments to key management personnel of the Group, including amounts paid to the Company's directors and certain of the highest paid employees, are disclosed in Note 8.

(Expressed in millions of Hong Kong dollars)

37. Assets of Subsidiaries Contracted for Sale

As announced by the Company on 29 April 2020, the Group entered into an agreement with a third party to sell a 25% equity interest in Vivid Synergy limited (a subsidiary of the Company, which together with its wholly-owned subsidiaries owns the office portion of a proposed investment property development on a site situated in Kowloon West). The consideration of the sale is HK$9,394 million representing the Group's original cost of investment plus reimbursement of certain costs of funding of the consideration and of the project costs incurred. Deposits of HK$7,613 million were received during the year. The remaining balance of the consideration was settled upon completion of the sale on 21 July 2020. The Group currently owns a 75% equity interest in Vivid Synergy Limited, which will be owned as to 50% and accordingly accounted for as a joint venture by the Group after the sale.

At 30 June 2020, the assets of Vivid Synergy Limited and its subsidiaries, with carrying value of HK$37,584 million representing principally the market value of the investment property under development, are presented as contracted for sale in the consolidated statement of financial position in accordance with HKFRS 5, Non-current assets held for sale and discontinued operations.

38. Contingent Liabilities and Commitments

At the year end date, the Group had contingent liabilities and commitments, so far as not provided for in the consolidated financial statements, as follows:

	2020	2019
(a) Capital commitments in respect of investment properties and property, plant and equipment		
Contracted but not provided for	**6,785**	4,112
Authorized but not contracted for	**3,988**	4,480
(b) The Group's share of capital commitments of joint ventures		
Contracted but not provided for	**805**	507
Authorized but not contracted for	**–**	26

(c) Guarantees given to banks and financial institutions for the borrowings of joint ventures of HK$2,433 million (2019: HK$2,102 million) and other guarantees of HK$4 million (2019: HK$4 million).

39. Operating Lease

(a) The Group leases out properties under operating leases. The leases typically run for an initial period of two to three years, with an option to renew the lease after that date at which time all terms are re-negotiated.

At 30 June, the aggregate minimum lease payments receivable by the Group in the future periods under non-cancellable operating leases are as follows:

	2020	2019
Within one year	**15,365**	16,165
After one year but within two years	**9,783**	10,725
After two years but within three years	**4,988**	6,206
After three years but within four years	**2,662**	2,986
After four years but within five years	**1,701**	2,049
After five years	**3,151**	4,226
	37,650	42,357

(b) The Group is the lessee in respect of a number of properties and telecommunications facilities held under leases which were previously classified as operating leases under HKAS 17. The Group has initially applied HKFRS 16 using the modified retrospective method and adjusted the opening balances at 1 July 2019 to recognize lease liabilities relating to these leases (see Note 2). From 1 July 2019 onwards, future lease payments are recognized as lease liabilities in the statement of financial position in accordance with the policies set out in Note 3(x), and the details regarding the Group's future lease payments are disclosed in Note 29.

At 30 June 2019 (prior to the Group's adoption of HKFRS 16), the aggregate minimum lease payments payable by the Group in the future periods under non-cancellable operating leases were as follows:

Within one year	1,383
After one year but within five years	1,330
After five years	458
	3,171

40. Charges of Assets

At the year end date, certain bank deposits of the Group's subsidiaries in the aggregate amount of HK$5 million (2019: HK$5 million) have been pledged for securing guarantees issued by the banks.

At the year end date, certain assets of the Group's subsidiaries with an aggregate carrying value of HK$1,411 million (including bank deposits and cash of HK$37 million) (2019: HK$1,681 million (including bank deposits and cash of HK$44 million)) have been charged to secure their bank borrowings.

41. Critical Accounting Judgements and Estimations

In the application of the Group's accounting policies, the management of the Company is required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions used in preparing the consolidated financial statements are continually evaluated based on historical experience and other factors that are considered relevant, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below:

(a) *Fair value of investment properties*

At each reporting date, the Group's investment properties (including investment properties under development) are measured at fair values based on valuations by independent qualified valuers on the highest and best use basis. Income capitalization method is used in the valuations which is dependent on certain estimates, including fair market rents, appropriate capitalization rates, reversionary income potential and redevelopment potential where appropriate. The valuations of investment properties under development are also dependent upon the estimated costs to complete and expected developer's profit margin. The management has reviewed the valuation and is satisfied that the valuation of the Group's investment properties is reasonable.

(b) *Impairment of assets*

Assets including goodwill and intangible assets are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of the fair value less costs to sell and value in use. Estimating the value in use of an asset involves estimating the future cash flows expected to arise from its continuing use and from its disposal at the end of its useful life and applying the appropriate discount rate that reflects current market assessment of the time value of money and the risk specific to the asset.

(c) *Net realizable value of properties for sale*

Net realizable value of properties for sale (comprising completed properties for sale and properties pending/under development for sale) is determined based on the Group's assessment of the price ultimately expected to be realized in the ordinary course of business by reference to prevailing market conditions less all estimated selling expenses and anticipated costs to completion.

(d) *Income taxes*

There are transactions and calculations relating to the Group's ordinary business activities for which the ultimate tax determination is uncertain and judgement is required in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

(e) *Recognition of deferred tax assets*

The amount of the deferred tax assets included in the consolidated financial statements of the Group is recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences and unused tax losses can be utilized. The recognition of deferred tax assets requires the Group to make judgements, based on assessment regarding future financial performance, about the amount of future taxable profits and the timing of when these will be realized.

42. Financial Risk Management

The Group's major financial instruments include investments, amounts due from associates and joint ventures, loan receivables, trade receivables, bank deposits and cash, trade payables, bank and other borrowings and other non-current liabilities. Details of these financial instruments are disclosed in respective notes.

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The risks associated with these financial instruments are managed by the Group's financial management policies and practices described below:

(a) Foreign currency risk

Foreign currency exposure does not pose a significant risk for the Group as most of the Group's assets, operational cash flows and borrowings are mainly denominated in Hong Kong dollars. The Group aims to minimize its currency risk using forward contracts where feasible and cost effective. The Group's primary foreign currency exposures arise mainly from the property development and investment activities in Mainland China and Singapore, whose net assets are exposed to foreign currency translation risk. Where appropriate, the Group seeks to finance these investments through borrowings denominated in the relevant foreign currencies. Exchange differences arising from the translation of the net investment in these Mainland China and Singapore subsidiaries, associates and joint ventures have been dealt with in consolidated statement of comprehensive income.

The Group is also exposed to foreign currency risk in respect of its foreign currency borrowings, bank deposits and cash, mainly denominated in US dollars. Where appropriate, the Group may enter into cross currency interest rate swaps to hedge the currency risks associated with its borrowings. Foreign currency exposure of the Group's other monetary assets/liabilities is minimal.

At 30 June 2020, it is estimated that a 10% (2019: 10%) increase/decrease in exchange rate of Hong Kong dollars against all other currencies, with all other variables held constant, would decrease/increase the profit before taxation for the year by approximately HK$21 million (2019: HK$2 million). The other comprehensive income would be decreased/increased by HK$82 million (2019: HK$67 million).

(b) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed partly by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities, and partly, at times of interest rate uncertainty, through the use of interest rate swaps.

The Group's interest rate risks arise principally from borrowings. Borrowings raised at floating rates expose the Group to cash flow interest rate risk. Interest rate risk is managed by the Group's senior management through regular review to determine the strategy as to having the funding in floating/fixed rate mix appropriate to the Group's businesses and investments.

The Group's borrowings are principally arranged on a floating rate basis. When appropriate, interest rate swaps are used to hedge and manage its long-term interest rate exposure. Speculative derivative transactions are strictly prohibited.

42. Financial Risk Management (cont'd)

(b) *Interest rate risk (cont'd)*

As at 30 June 2020, it is estimated that an increase/a decrease of 100 basis points (2019: 100 basis points) in interest rates, with all other variables held constant, would decrease/increase the profit before taxation for the year by approximately HK$212 million (2019: HK$384 million).

The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the year end date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The analysis is performed on the same basis for financial year 2019.

(c) *Price risk*

The Group is exposed to price risk through the Group's financial investments that are measured at fair value at each year end date with reference to the quoted market prices. The Group manages its exposure by closely monitoring the price movements and the changes in market conditions that may affect the value of these investments.

As at 30 June 2020, it is estimated that an increase/a decrease of 10% (2019: 10%) in quoted prices, with all other variables held constant, would increase/decrease the profit before taxation for the year and the other comprehensive income by approximately HK$80 million and HK$143 million (2019: HK$92 million and HK$187 million), respectively.

(d) *Credit risk*

The Group's credit risk is primarily attributable to trade receivables, loan receivables, derivative financial instruments and deposits with banks and financial institutions.

The Group's trade receivables mainly arise from sale of properties developed by the Group and rent receivables from tenants. Occasionally, long term loans are provided to purchasers of the Group's properties and carry interest at rates with reference to banks' lending rates. Regular review is carried out and stringent monitoring procedures are in place to deal with overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each year end date to ensure that adequate impairment loss is made for irrecoverable amounts.

Counterparty exposure from derivatives is managed, together with that from deposits and bank account balances, with credit limit that reflect published credit ratings and monitored on a regular basis to ensure there is no significant risk to any individual counterparty.

The Group has no significant concentration of credit risk. The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the consolidated financial statements after deducting any impairment loss. Except for the financial guarantees as set out in Note 38, the Group does not provide any other guarantee which would expose the Group to material credit risk.

42. Financial Risk Management (cont'd)

(e) Liquidity risk

The Group's financial and treasury activities are centrally managed and controlled at the corporate level. The Group takes liquidity risk into consideration when deciding its sources of finances and their respective tenors. The Group aims to diversify its funding sources and minimize its refinancing risk by preventing substantial refinancing in any one period. The Group also maintains substantial undrawn committed revolving banking facilities to allow for flexibility in meeting its funding requirements.

The following tables detail the Group's remaining contractual maturity for its derivative and non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Notes	**Carrying amount**	**Total contractual undiscounted cash flow**	**Up to 1 year**	**Over 1 year to 2 years**	**Over 2 years to 5 years**	**Over 5 years**
As at 30 June 2020							
Trade payables	25	**2,809**	**2,809**	**2,565**	**242**	**2**	**–**
Other payables and accrued expenses	25	**23,433**	**23,435**	**19,294**	**2,239**	**1,686**	**216**
Amounts due to non-controlling interests	25	**1,355**	**1,355**	**1,355**	**–**	**–**	**–**
Lease liabilities	25 & 29	**1,641**	**1,776**	**901**	**355**	**193**	**327**
Bank and other borrowings	24 & 27	**112,606**	**124,398**	**29,008**	**17,745**	**45,584**	**32,061**
Other non-current liabilities	29	**420**	**446**	**–**	**65**	**85**	**296**
Derivative financial instruments	20	**200**	**201**	**201**	**–**	**–**	**–**
		142,464	**154,420**	**53,324**	**20,646**	**47,550**	**32,900**

	Notes	Carrying amount	Total contractual undiscounted cash flow	Up to 1 year	Over 1 year to 2 years	Over 2 years to 5 years	Over 5 years
As at 30 June 2019							
Trade payables	25	2,909	2,909	2,640	267	2	–
Other payables and accrued expenses	25	23,857	23,859	19,560	2,069	1,966	264
Amounts due to non-controlling interests	25	1,318	1,318	1,318	–	–	–
Bank and other borrowings	24 & 27	95,006	108,763	12,274	17,034	58,968	20,487
Other non-current liabilities	29	125	142	–	104	38	–
Derivative financial instruments	20	150	154	9	145	–	–
		123,365	137,145	35,801	19,619	60,974	20,751

(Expressed in millions of Hong Kong dollars)

43. Fair Value of Financial Instruments

(a) *Financial instruments carried at fair value*

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

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

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

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

As at 30 June 2020

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

43. Fair Value of Financial Instruments (cont'd)

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

As at 30 June 2019

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVTPL				
Debt securities	337	–	–	337
Equity securities	711	–	189	900
Financial assets at FVOCI				
Debt securities	307	–	–	307
Equity securities	1,566	5	305	1,876
Derivative financial instruments				
Interest rate swaps	–	35	–	35
Cross currency interest rate swaps	–	123	–	123
Forward foreign exchange contracts	–	1	–	1
	2,921	164	494	3,579
Financial liabilities				
Bond and notes subject to fair value hedges	–	3,280	–	3,280
Derivative financial instruments				
Cross currency interest rate swaps	–	149	–	149
Forward foreign exchange contracts	–	1	–	1
	–	3,430	–	3,430

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

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

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

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

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

(Expressed in millions of Hong Kong dollars)

43. Fair Value of Financial Instruments (cont'd)

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

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

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

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

	Financial assets measured at		
	FVTPL	**FVOCI**	**Total**
Unlisted equity securities			
At 1 July 2018	63	265	328
Purchases	138	5	143
Sales	(13)	–	(13)
Change in fair value recognized in			
– profit or loss	1	–	1
– other comprehensive income	–	35	35
At 30 June 2019 and 1 July 2019	189	305	494
Purchases	**40**	**–**	**40**
Sales	**(3)**	**–**	**(3)**
Change in fair value recognized in			
– profit or loss	**23**	**–**	**23**
– other comprehensive income	**–**	**(20)**	**(20)**
At 30 June 2020	**249**	**285**	**534**

(b) *Fair values of financial assets and liabilities carried at other than fair value*

The following table presents the carrying amounts of the Group's financial instruments carried at cost or amortized cost which were different from their fair values at the end of the reporting period. For all other financial instruments, the fair value approximates the carrying amount.

	2020		2019	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Debt securities	**625**	**639**	996	1,011
Long-term bank loans and bonds	**85,594**	**88,726**	82,757	83,593

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

Other financial instruments not carried at fair value are typically those that are short-term in nature or carry variable interest rates and reprice to current market rate changes. Accordingly, their carrying amounts approximate their fair values.

44. Capital Management

The Group's objective for managing capital is to maintain a strong capital base to support the development of its business and to continue to provide returns for shareholders while maintaining a prudent level of financial leverage.

The Group actively reviews and monitors its capital structure on a regular basis to maintain a healthy net debt-to-shareholders' equity ratio. For this purpose the Group defines net debt as total borrowings less bank deposits and cash. Shareholders' equity comprises share capital and reserves attributable to the Company's shareholders as shown in the consolidated statement of financial position. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, raise new debt financing or sell assets to reduce debt.

The net debt-to-shareholders' equity ratios at the year end were as follows:

	2020	2019
Secured bank loans	**856**	1,096
Unsecured bank and other loans	**111,750**	93,910
Total borrowings	**112,606**	95,006
Less: Bank deposits and cash	**(31,705)**	(22,038)
Net debt	**80,901**	72,968
Shareholders' equity	**571,813**	566,405
Net debt-to-shareholders' equity ratio	**14.1%**	12.9%

45. Approval of the Consolidated Financial Statements

The consolidated financial statements set out on pages 162 to 236 were approved by the board of directors on 10 September 2020.

Principal Subsidiaries

The directors are of the opinion that a complete list of the particulars of all subsidiaries will be of excessive length and therefore the following list contains only the particulars of subsidiaries as at 30 June 2020 which principally affect the results or assets of the Group.

Unless otherwise stated, the following principal subsidiaries were incorporated and are operating in Hong Kong, unlisted and are indirectly held by the Company.

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Issued Share Capital/ Registered Capital* (HK$)
SUNeVision Holdings Ltd. (Listed in Hong Kong)	2	73.82	Provision of data centre, facilities management and value-added services, installation and maintenance services	232,919,333
SmarTone Telecommunications Holdings Limited (Listed in Hong Kong)	3	71.85	Mobile telephone system operation	112,227,510
Sun Hung Kai Real Estate Agency Limited	7	100	Asset and project management services	1,000,000
New Town (N.T.) Properties Limited	8	100	Investment holding	2,472,515,162
Fidelity Finance Company, Limited	7	100	Finance	200
Honour Finance Company, Limited	7	100	Loan financing and investment holding	500,000
Sun Hung Kai Properties (Financial Services) Limited	7	100	Finance	100,000
Sun Hung Kai Properties Insurance Limited	7	100	General insurance	75,000,000
Sun Hung Kai Architects and Engineers Limited	7	100	Architectural and engineering	350,000
Sanfield Building Contractors Limited		100	Building construction	90,000,000
Sanfield (Management) Limited		100	Building construction and project management	2
Everlight Engineering Company, Limited		100	Fire prevention and mechanical engineering	5,000,000
Aegis Engineering Company, Limited		100	Plant and machine hire	100,000
Hong Yip Service Company Limited		100	Property and facility management	100,000
Kai Shing Management Services Limited	7	100	Property and facility management	10,000
Mantegna Investment Company Limited	1	100	Property investment	2
		100		(Note 10) 9,999,998
Royaltelle International Limited		100	Hotel operation	2
Access Orient Investments Limited	1	100	Property investment	US$1
Ace Peace Limited		100	Property investment	1
Additech Ltd.	1	100	Property investment	US$1
Advance Vision Enterprises Limited		100	Property investment	2
Airport Freight Forwarding Centre Company Limited		100	Freight forwarding centre	100
Annadale Development Limited		100	Property trading and investment	2
Antanpark Limited	1	100	Property investment	US$1
Antinio Investments Limited	1	100	Property investment	US$1
Artsland Properties Investment Limited	1	100	Property investment	US$1
Assured Outcome Limited	1	100	Property investment	US$1
Barnard Enterprises Limited	1	75	Property investment	US$100
Beauty Marble Investment Limited		100	Property investment	2
Beijing New Town Plaza Real Estate Co., Ltd.	6c	100	Property investment	US$9,000,000*
Beijing Sun Dong An Co., Ltd.	6a	100	Property investment	US$129,000,000*
Best Numbers Limited	1	100	Property investment	US$1
Best Winners Limited	1	100	Property investment and hotel operation	US$1

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Issued Share Capital/ Registered Capital* (HK$)
Biliboss Ltd.	1	100	Property investment	US$1
Billion Great Investment Limited		100	Property development and trading	2
Bright Strong Limited		100	Property development, trading and investment	2
Buratto Limited	1	100	Property investment	US$1
Capital Mind Investments Limited	1	100	Property investment	US$1
Century Opal Limited		100	Property investment	1
Channel First Limited		100	Property development and investment	1
Champion Dynasty Investments Limited	1	100	Property investment	US$1
Charmford Holdings Limited		100	Property development and trading	1
Cheerlord Investment Ltd.	1	100	Property investment and hotel operation	US$1
成都忠捷置業有限公司	6b	91	Property development	RMB213,000,000*
Choice Win (H.K.) Limited		100	Property development and investment	1
City Lion Investment Limited	1	100	Property investment	US$1
City Success Limited		100	Property development, trading and investment	2
Classic Best Investments Limited	1	100	Property investment	US$1
Connick Limited	1	100	Property investment	US$1
Crown Opal Investment Limited		64.30	Property development and trading	1
Crown World Investment Limited		100	Property development, trading and investment	1
Dictado Company Limited		100	Property investment	200
Digital Chance Investments Limited	1	100	Property investment	US$1
Dipende Limited	1	100	Property investment	US$1
Dragon Value Investments Limited	1	100	Property investment	US$1
Ease Gold Development Limited		100	Property development, trading and investment	2
Easyway Properties Limited		100	Property trading and investment	1
Entero Company Limited	9	100	Property investment	200
Even Decade Limited	1	100	Property investment	US$1
Ever Channel Limited		100	Property investment	2
Ever Crystal Limited		100	Property investment	1
Ever Fast Limited		100	Property development and investment	2
Evermax Development Limited		100	Property development and investment	2
Excellent Chance Limited	1	100	Property investment	US$1
Fast Commerce Global Limited	1	100	Property investment	US$1
First Star Development Limited		100	Property development	100
Forever Glory Investments Limited	1	100	Property investment	US$1
Fortin International Limited	1	100	Property development and investment	US$1
Fortune Honor Limited		100	Property investment	2
Fortune Sign Global Limited	1	100	Property investment	US$1
Fortune Yield Investment Limited		100	Property investment	2
佛山市新普房地產開發有限公司	6c	100	Property development and investment	US$34,000,000*
東莞創紀房地產開發有限公司	6c	100	Property development	US$121,000,000*
Full Market Limited		100	Property investment	2
Fu Tong Investment Company Limited	7	100	Property investment	300,000

Principal Subsidiaries

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Issued Share Capital/ Registered Capital* (HK$)
Garudia Limited		100	Property investment	2
Gleamland Limited	1	100	Property investment	US$1
Globaluck Limited		100	Property development	2
Golden Square Properties Enterprises Limited	1	100	Property investment	2
		100		(Note 10) 999,998
Good Assets Limited		100	Property development	1
Good Faith Properties Limited		100	Property development and investment holding	1
Goodwick Limited		100	Property trading and investment	1
Great Assets Global Limited	1	100	Property investment	US$1
Great Alliance Limited		100	Property development	1
Group Allied Limited		100	Property trading and investment	1
Group Channel Limited		100	Property investment	1
Guangzhou Dragon Lake Real Estate Ltd.	6c	60	Property development	604,965,400*
廣州南沙區慶盛新鴻基地產發展有限公司	6c	100	Property development and investment	RMB3,000,000,000*
廣州新天房地產發展有限公司	6b	70	Property development	RMB798,000,000*
廣州市匯信房地產開發有限公司	6a	95	Property development	RMB82,000,000*
廣州市佳俊房地產開發有限公司	6c	100	Property development	RMB210,000,000*
Hambrook Investments Limited	1	100	Property investment	US$1
Harbour Vantage Limited		100	Property trading and project management	2
Harrison Global Limited	1	100	Property investment	US$1
Headmaster Assets Limited	1	100	Property investment	US$1
Hero Town Limited	1	100	Property investment	US$86,500,001
Herowell Limited		100	Property investment	1
Hintline Investments Limited		100	Property investment and trading	5,000
Hinwood Investment Limited		100	Property development and investment	1
Hoi Kong Container Services Company Limited		100	Mid stream operator	40,000,000
Honenberg Limited		100	Property investment	2
Hong Kong Business Aviation Centre Limited		35	Business Aviation Centre	1,000,000
Hong Kong Sky Deck Limited		100	Observation deck	1
Hongyi (Shanghai) Corporate Development Co., Ltd.	6c	100	Property investment	US$214,482,000*
Hung Kai Finance Investment Holding Limited		100	Property investment	200
Jayan Company Limited		100	Property investment and investment holding	2
Joinyield Limited		100	Property development and investment	1
Jugada Company Limited		100	Property investment	2
Jumbo Pacific Limited		100	Property development and investment	1
Joyful Polaris Limited	1	100	Property investment	US$1
Kamchatka Company Limited		100	Property investment	200
Kamsford Hong Kong Limited		100	Property investment	16,500,000
Kartasun Limited		100	Property investment	2
Kimrose Investments Ltd.	1	100	Property investment	US$1
Kintech Investment Limited		100	Property trading	1
Laboster Company Limited	7	100	Property investment	2
Lanecove Enterprise Limited	1	100	Property investment	US$1
Lansmart Limited		100	Property trading and investment holding	2
Lee Bit Kai Investment Company Limited	7	100	Property investment	1,000

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Issued Share Capital/ Registered Capital* (HK$)
Leverson Limited	1	100	Property investment and hotel operation	US$1
Long Kinetic Limited		100	Property investment and hotel operation	1
Long Tesak Company Limited		100	Property investment	100,000
Lunalite Company Limited		100	Property investment	2
Manceton Limited		100	Property investment	2
Market Century Global Limited	1	100	Property investment	US$1
Market Talent Investments Limited	1	100	Property investment	US$1
Masston Limited		100	Property investment	1
Max Century (H.K.) Limited		75	Property investment	1
Maxwear Limited	1	100	Property investment	US$1
Mighty Choice Assets Limited	1	100	Property investment	US$1
Mindano Limited		100	Property investment and investment holding	10,000
Morison Limited	1	100	Property investment	US$1
Nixon Cleaning Company Limited		100	Cleaning service	100,000
Obvio Yip Company Limited	7	100	Property development and investment	15,000,000,000
On Best Capital Investment Limited		92	Property trading	1
Open Step Limited		60	Property investment	10
Oriental Way Limited		100	Hotel management and property investment	1
Pacific Earth Enterprise Limited		100	Property trading and investment	1
Pacotilla Company Limited		100	Property investment	200
Partner Sino Assets Limited	1	100	Property investment	US$1
Pawling Limited	1	100	Property investment	US$1
Polarland Limited		100	Property development	1
Pontamell Limited	1	100	Property investment	US$1
Potential Area Limited	1	100	Property investment	US$1
Precise Oceanic Limited	1	100	Property investment	US$1
Profit Richness Ltd.	1	100	Property investment	US$1
Progress Success Investments Limited	1	100	Property investment	US$1
Protasan Limited		100	Property investment	100
Red Stand Investments Limited	1	100	Property investment	US$1
Riderstract Development Limited	1	100	Property investment	US$1
Rinnovare Limited	1	100	Property investment	US$1
Route 3 (CPS) Company Limited		70	Toll road operation	10,000
Score Best Investments Limited	1	100	Property investment	US$1
Scott Global Investments Limited	1	100	Property investment	US$1
Senmark Limited		100	Hotel operation	2
Shanghai Central Plaza Property Co., Ltd.	6a	80	Property investment	US$42,000,000*
Shanghai International Commerce Centre Co., Ltd.	6c	100	Property development and investment	US$290,500,000*
Shanghai SHK International Commerce Centre Co., Ltd.	6c	100	Property development and investment	US$90,000,000*
Shanghai SHK Weiyi Property Co., Ltd.	6c	100	Property investment	RMB1,200,000,000*
Shanghai SHK Weijing Property Co., Ltd.	6c	100	Property investment	RMB1,200,000,000*
Shanghai SHK Weizheng Property Co., Ltd.	6c	100	Property investment	RMB1,220,000,000*
Shanghai SHK Weiwan Property Co., Ltd.	6c	100	Property investment	RMB18,500,000,000*
Shanghai Xin Zhong Hui Property Co., Ltd.	6c	100	Property investment	US$18,000,000*
Shubbery Company Limited		100	Property investment	200

Principal Subsidiaries

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Issued Share Capital/ Registered Capital* (HK$)
Shunyue Investments Limited	1	100	Property investment	US$1
Silver Knight Developments Limited	1	100	Property investment	US$1
Smart Globe Limited		100	Property trading	1
Smithtown Investments Limited	1	100	Property investment	US$1
Solar Kingdom Limited		100	Property investment	2
Speed Wise Limited	7	100	Property investment	2
Speedway Assets Limited	1	100	Property investment	US$1
Splendid Sharp Limited		100	Property investment	4
Spring Bliss Investments Limited	1	100	Property investment	US$1
Standard Top Limited		100	Property investment	2
Starry View Holdings Limited	1	100	Property investment	US$1
Startrack Company Limited		100	Property investment	200
Sun Carol Company Limited		100	Property investment	200
Sun Hung Kai Development (China) Limited		100	Investment holding	20,000,370
Sun Hung Kai Development (Lujiazui II) Ltd.	6c	100	Property investment	US$121,355,000*
Sun Hung Kai Development (Zhang Yang) Ltd.	6c	100	Property development and investment	US$165,000,000*
Sun Hung Kai IFC (Nanjing) Co., Ltd.	6c	100	Property investment	RMB721,914,400*
Sun Hung Kai ICC (Suzhou) Co., Ltd.	6b	90	Property development and investment	RMB1,800,000,000*
Sun Hung Kai Properties (Capital Market) Limited	2,7	100	Finance	US$10
Sun Hung Kai Properties Investment (Guangzhou) Limited	6c	100	Investment holding	US$90,000,000*
Sun Hung Kai Real Estate (Sales and Leasing) Agency Limited		100	Real Estate and general agencies	1
Sun Hung Kai Secretarial Services Limited	7	100	Secretarial services	200
Sun Yuen Long Centre Management Company Limited		100	Property investment and management	(Note 11) 25,000
		75		(Note 12) 25,000
Sunfez Company Limited		100	Property investment	200
Sunrit Enterprises Limited		100	Property investment	4,000,000
Super Great Limited		100	Property development and investment	1
Superwick Limited		100	Property development	1
Tainam Holdings Limited	1	100	Property investment	US$1
Ten Choice Development Limited		100	Property investment	2
Tenuta Limited	1	100	Property investment	US$1
Time Bliss Limited	1	100	Property investment	US$1
Tipro Development Limited		100	Property investment	1,000,000
Tonthai Investment Enterprises Limited	1	100	Property investment	US$1
Top Deluxe (H.K.) Limited		100	Property development	1
Top State Development Limited		100	Property development and investment	1
Town Descant Company Limited		100	Property investment	200
Transport Infrastructure Management Limited		100	Road management	70,000,000
True Vantage Global Limited	1	100	Property investment	US$1
Tsi Mai Company Limited		100	Property investment	200
Tuxedos Company Limited		100	Property investment and trading	200
Uniland Investment Enterprises Limited	1	100	Property investment	US$1
United Way Investments Limited	4,7	100	Owner of trade mark	US$1
		100		(Note 10) US$83,400
Upper Hill Company Limited	1	100	Property investment	US$1

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Issued Share Capital/ Registered Capital* (HK$)
Vast Earn Property Corp.	1	100	Property investment	US$2
Wai Hung Development Company Limited	7	100	Investment holding and property investment	70,000
Warrior Company Limited		100	Property investment	300
Wealth Capsule Investments Limited	1	100	Property investment	US$1
Wealth Power International Enterprise Limited		92	Property development, investment and trading	1
Well Capital (H.K.) Limited		100	Property development and investment	1
Well Success Capital Investment Limited		92	Property development	1
Well Famous Enterprise Limited		100	Property investment	1
Well Logic Properties Investment Limited	1	100	Property investment	US$1
Wellden Limited		100	Property investment	2
Wetland Park Management Service Limited		100	Property development and investment	2
Willmax Limited		100	Property investment	2
Wilson Parking (Holdings) Limited		100	Investment holding and carpark operation	1,000
Winbox Investment Limited		100	Property development and investment	1
Winner Land Enterprises Limited		100	Property investment	2
Winter Ranch Limited		100	Property investment	US$1
Wisecity Development Limited		100	Property development	2
Wonder Charm Assets Limited	1	100	Property investment	US$1
WTC (Club) Limited		100	Club management	200
YATA Limited		100	Department store operation	30,000,000
Zarabanda Company Limited		100	Property investment	2
Zhongshan SHKP Taoyuan Real Estate Development Co. Ltd.	6a	75	Property development	40,000,000*

Notes:
1. *Incorporated in the British Virgin Islands and operating in Hong Kong.*
2. *Incorporated in the Cayman Islands and operating in Hong Kong.*
3. *Incorporated in Bermuda and operating in Hong Kong.*
4. *Incorporated in the British Virgin Islands.*
5. *Incorporated in the Cayman Islands.*
6. *Incorporated and operating in the People's Republic of China:*
   a. *Co-operative joint venture enterprise*
   b. *Equity joint venture enterprise*
   c. *Wholly foreign owned enterprise*
7. *Directly held by the Company.*
8. *11.89% directly and 88.11% indirectly held by the Company.*
9. *50% directly and 50% indirectly held by the Company.*
10. *Redeemable share.*
11. *"A" share.*
12. *"B" share.*

Principal Joint Ventures

The directors are of the opinion that a complete list of the particulars of all joint ventures will be of excessive length and therefore the following list contains only the particulars of joint ventures as at 30 June 2020 which principally affect the results or assets of the Group.

Unless otherwise stated, the following principal joint ventures were incorporated and are operating in Hong Kong and unlisted.

	Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Class of Share/ Registered Capital
+	Altomatic Limited		50	Property investment	Ordinary
#+	China Resources Sun Hung Kai Properties (Hangzhou) Limited	5	40	Property development and investment	Registered capital
#+	China Resources Sun Hung Kai Properties (Wuxi) Limited	5	40	Property development and investment	Registered capital
#	Dragon Beauty International Limited		50	Property development	Ordinary
	Glorious Concrete (BVI) Limited	4	50	Manufacturer of precast	Ordinary
	Glorious Concrete (H.K.) Limited		50	Manufacturer of ready mixed concrete	Ordinary
#+	Green Valley Landfill, Limited		20	Landfill waste disposal facility	Ordinary
#+	Guangzhou Fujing Properties Development Co., Ltd.	3	33.3	Property development	Registered capital
#+	廣州宏城廣場房地產開發有限公司	6	50	Property investment	Registered capital
#+	Hangzhou Runhong Properties Limited	5	40	Property development	Registered capital
	IFC Development Limited	1	50	Property investment	Ordinary
	Jade Land Resources Limited		25	Property trading and investment	Ordinary
#	Kerry Hung Kai Warehouse (Cheung Sha Wan) Limited		50	Godown operation	Ordinary
+	Newfoundworld Investment Holdings Limited	1	20	Investment holding	Ordinary
#+	Orchard Turn Holding Pte. Ltd.	2	50	Investment holding	Ordinary
+	Ranny Limited		50	Property investment	Ordinary
#+	River Trade Terminal Co. Ltd.	1	50	River trade terminal	Ordinary
#+	Senica International Limited	4	22.5	Investment holding	Ordinary
#+	Shanghai Xintian Real Estate Co., Ltd.	3	35	Property development and investment	Registered capital
	Special Concept Development Limited		25	Property investment	Ordinary
+	Splendid Shing Limited		50	Property investment	Ordinary
#+	Star Play Development Limited		33.3	Property investment	Ordinary
#+	祥寶投資(成都)有限公司	5	40	Property development and investment	Registered capital
	Teamfield Property Limited		57.52	Property investment	Ordinary
+	Tinyau Company Limited		50	Property investment	Ordinary
+	Topcycle Development Limited		50	Property development	Ordinary
#	Wolver Hollow Company Limited		50	Property investment	Ordinary
+	Xipho Development Company Limited		33.3	Property trading	Ordinary

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Class of Share/ Registered Capital
#+ 佛山市新升房地產開發有限公司	5	50	Property development	Registered capital
#+ 佛山市新鋒房地產開發有限公司	5	50	Property development	Registered capital
#+ 佛山市新晉房地產開發有限公司	5	50	Property development	Registered capital
#+ 佛山市新駿房地產開發有限公司	5	50	Property development	Registered capital
#+ 佛山市新昊房地產開發有限公司	5	50	Property development	Registered capital
#+ 佛山市新匯房地產開發有限公司	5	50	Property development	Registered capital
#+ 佛山市新景房地產開發有限公司	5	50	Property development	Registered capital
#+ Hangzhou River East Estates Co., Ltd	3	45	Property development and investment	Registered capital
#+ Hangzhou River West Co., Ltd	3	50	Property development and investment	Registered capital

\+ *The financial statements of these companies were not audited by Deloitte Touche Tohmatsu.*

\# *Companies with year ends not co-terminous with that of Sun Hung Kai Properties Limited.*

Notes:
1. *Incorporated in the British Virgin Islands and operating in Hong Kong.*
2. *Incorporated and operating in the Republic of Singapore.*
3. *Incorporated and operating in the People's Republic of China as equity joint venture enterprise.*
4. *Incorporated in the British Virgin Islands.*
5. *Incorporated and operating in the People's Republic of China as wholly foreign owned enterprise.*
6. *Incorporated and operating in the People's Republic of China as co-operative joint venture enterprise.*

Principal Associates

The directors are of the opinion that a complete list of the particulars of all associates will be of excessive length and therefore the following list contains only the particulars of associates as at 30 June 2020 which principally affect the results or assets of the Group.

Unless otherwise stated, the following principal associates were incorporated and are operating in Hong Kong and unlisted.

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Class of Share
#+ Transport International Holdings Limited (Listed in Hong Kong)	1	39.60	Public transportation	Ordinary
#+ Ranex Investments Limited		29	Property development and investment	Ordinary
#+ The Hong Kong School of Motoring Limited		30	Driving School	Ordinary
#+ Onluck Finance Limited		35.44	Finance	Ordinary
#+ Treasure Peninsula Limited		29	Finance	Ordinary

+ *The financial statements of these companies were not audited by Deloitte Touche Tohmatsu.*

Companies with year ends not co-terminous with that of Sun Hung Kai Properties Limited.

Note: 1. Incorporated in Bermuda and operating in Hong Kong.

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