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

(Incorporated in Hong Kong with limited liability)
(Stock Code: 16)

2020 / 21 Annual Results

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 2021, excluding the effect of fair-value changes on investment properties, amounted to HK$29,873 million, compared to HK$29,368 million last year. Underlying earnings per share were HK$10.31, compared to HK$10.13 last year.

Reported profit and reported earnings per share attributable to the Company's shareholders were HK$26,686 million and HK$9.21 respectively, compared to HK$23,521 million and HK$8.12 last year. The reported profit included a decrease in fair value of investment properties net of deferred taxation and non-controlling interests of HK$3,105 million, compared to a decrease of HK$5,510 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 2021. The dividend will be payable on 18 November 2021. 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

Development Profit and Rental Income

Development Profit

During the year under review, profit generated from property sales was HK$20,994 million, as compared to HK$18,377 million in the last financial year. The Group achieved contracted sales of about HK$29,000 million for the year in attributable terms. In addition, contracted sales from Wetland Seasons Bay Phase 1 have exceeded HK$6,300 million since the project was put on the market in August 2021. The Group's contracted sales will be further generated from the upcoming launches of new units at Wetland Seasons Bay and other new projects.

Rental Income

During the year, the Group's gross rental income, including contributions from joint-ventures and associates, rose 2% year-on-year to HK$24,791 million, and net rental income increased by 3% year-on-year to HK$19,149 million. Rental income growth from the mainland more than offset the negative impact from its Hong Kong rental portfolio.

Property Business – Hong Kong

Land Bank

During the year, the Group added five new sites, totalling about 2.6 million square feet of attributable gross floor area, to its development land bank through a variety of channels, including a residential-cum-commercial site from a public tender. Strategically located next to the committed MTR station in Kwu Tung, Sheung Shui, the site will be developed into a project which provides mainly small- to medium-sized apartments with a public transport interchange and a shopping centre underneath. Complemented by the planned transportation network and community facilities nearby, the new development is expected to become a focal point at the future Kwu Tung town centre.

In addition, through the conversion of agricultural land, the Group converted a site adjacent to MTR Tin Shui Wai Station in Yuen Long into office and retail use for long-term investment. This project is expected to energize the neighbourhood. Details of the additions are shown in the table below.

Location	Usage	Group's Interest (%)	Attributable Gross Floor Area (square feet)
Fanling Sheung Shui Town Lot No. 279	Residential/ Shopping Centre	100	1,131,000
Lot No. 4354 in DD 124, Kiu Tau Wai, Yuen Long	Office/Shopping Centre	100	856,000
Tuen Mun Town Lot No. 496	Residential	75	461,000
Tuen Mun Town Lot No. 80	Industrial*	70*	74,000*
38 Belcher's Street, Kennedy Town	Residential/Shops	53	66,000
Total			**2,588,000**

** The Group owned an effective interest of 70.2% as at 30 June 2021; the Group plans to convert the site into office and retail uses with a total gross floor area of about 772,000 square feet*

As at 30 June 2021, the Group's attributable land bank in Hong Kong amounted to about 57.9 million square feet. This included about 23.9 million square feet of properties under development, which should be adequate to meet the Group's development needs over the next five years. The remainder comprised diversified completed properties of around 34.0 million square feet spreading across the city, an overwhelming majority of which are for rental and long-term investment purposes. The Group will continue to make use of its diversified approach to replenish its land bank when appropriate opportunities arise, including active conversions of agricultural lands into buildable sites.

Property Development

Transactions in Hong Kong's residential market have become relatively active since the beginning of 2021. Sales responses in the primary market were positive for most of the new projects being launched. Yet, the performance of the high-end segment remained constrained due to cross-border travel restrictions.

During the year under review, the Group recorded contracted sales of about HK$23,200 million in attributable terms in Hong Kong. Major contributors included Cullinan West III in West Kowloon, Grand YOHO Phase 2 in Yuen Long, Regency Bay II in Tuen Mun, Wetland Seasons Park Phase 3, and St Michel in Sha Tin. In addition, Wetland Seasons Bay Phase 1 was put on the market in August 2021. The units being launched were nearly sold out.

The Group is continually committed to delivering quality products and services to homebuyers through premium building quality, sophisticated and stylish designs, efficient layouts, and attentive after-sales services, including a pioneering first-three-year warranty for new residential units in Hong Kong. To fulfil the rising aspirations of customers for smart, sustainable and green living with high standards of hygiene, the Group has introduced new technology and building concepts to its new property developments. These efforts have helped reinforce the Group's leading market position despite the competitive operating environment. Wetland Seasons Park ingeniously blends its outdoor landscape with the vast greenery of the neighbouring Hong Kong Wetland Park, demonstrating the Group's ability to integrate its projects with nature and preserve the environment. While residents can embrace the remarkable greenery and water scenery in their dream homes, inhabitants of the wetland can live in harmony with them and continue to flourish. The development houses a high-altitude sky clubhouse, providing a unique opportunity for residents to appreciate the wetland all year round and watch migratory birds in a tranquil, natural setting like no other. These quality units have been well received by owners and residents.

A total of eight projects in Hong Kong with an attributable gross floor area of some 2.1 million square feet were ready for handover during the year. Of these, about 1.7 million square feet of gross floor area are for residential use. The remaining 416,000 square feet or so are for office, retail and hotel uses, of which about 245,000 square feet are kept for long-term investment. Project details are shown in the table below.

Project	**Location**	**Usage**	**Group's Interest** (%)	**Attributable Gross Floor Area** (square feet)
Cullinan West III	28 Sham Mong Road, West Kowloon	Residential	JV	670,000
Wetland Seasons Park Phase 1	9 Wetland Park Road, Tin Shui Wai	Residential/ Shops	100	443,000
St Martin Phase 2	12 Fo Chun Road, Pak Shek Kok, Tai Po	Residential	100	374,000
Mount Regency Phase II	8 King Sau Lane, Tuen Mun	Residential	100	235,000
W LUXE	5 On Yiu Street, Shek Mun, Sha Tin	Office/Shops	100	174,000
Harbour North	133 Java Road, North Point	Shopping Centre	100	138,000
FUGRO HOUSE – KCC 2	1 Kwai On Road, Kwai Chung	Office/Shops	100	58,000
The Silveri Hong Kong – MGallery	16 Tat Tung Road, Tung Chung	Hotel	20	26,000
Total				**2,118,000**

Property Investment

The Group's recurring rental income in Hong Kong during the year under review, inclusive of contributions from joint ventures and associates, declined 5% year-on-year to HK$18,027 million. The overall average occupancy of this diversified property investment portfolio for the year remained resilient at about 91%.

During the year, the Group's retail portfolio continued to experience adverse impacts and registered negative rental reversions as a result of fluctuations in local pandemic situation and the bleak tourism industry. In relative terms, the Group's regional malls performed better than shopping centres which cater mainly to tourists. Tenant sales of the Group's retail portfolio bottomed out in late 2020 and have continued to see positive growth in recent months after some relaxations of social-distancing measures. Nevertheless, the progress of vaccinations among the public and the lifting of cross-border travel restrictions are prerequisites for a full recovery of the retail business. Apart from alleviating the burden of tenants in need by offering them rental concessions during the pandemic, the Group has introduced a wide range of measures to spur business opportunities for tenants and drive footfall in its shopping malls. In addition, the Group's experienced leasing team has optimized tenant mix by bringing in new retailers such as special food and beverage outlets and trendy lifestyle brands. The overall occupancy of the Group's retail portfolio showed improvement in recent months.

The Group has also leveraged its offline and online platforms to launch comprehensive marketing campaigns. Its loyalty programme under the SHKP Malls App, The Point by SHKP, has proved its popularity, recording a membership of more than 1.2 million in two years. The Group has continued to upgrade the App's functions and strengthen the rewards platform. In order to capture business opportunities from the HKSAR Government's electronic consumption vouchers, the Group has partnered with major payment gateways, business partners and tenants to roll out a series of promotional activities.

To safeguard the interests of its stakeholders and to support its retail tenants amid the pandemic, the Group has been allocating significant resources to the introduction of innovative technologies and continuous asset enhancement works. Apart from installing contactless devices and upgrading air ventilation systems, the Group has leveraged its listed subsidiary SmarTone's 5G network along with other advanced technology, such as Internet of Things (IoT), to raise the hygiene standards and operational efficiency of its shopping malls. This includes the application of smart utility facilities and multi-function robots at Metroplaza in Kwai Fong. In addition, a number of recreational amenities incorporating green and wellness concepts have been added in selected malls, such as Sportzone at New Town Plaza in Sha Tin, to meet a growing interest in outdoor activities.

The Group owns about 10 million square feet of office space in the territory. With its superior building quality, long-standing relationship with tenants and professional leasing and property management services, the Group's premium offices in Hong Kong have gained high recognition in the market. During the year, the portfolio registered stable performance with satisfactory occupancies amid challenging market conditions.

The Group's IFC and ICC office towers are among the most prestigious office addresses in Hong Kong. During the year, IFC offices were virtually fully let with satisfactory rental levels while ICC recorded noticeable positive rental reversions. Their available spaces have attracted strong interest from reputable multinationals and mainland corporates. Supported by its professional property management and close proximity to MTR stations, the Millennium City office cluster achieved reasonable occupancy despite keen competition in Kowloon East. The newly completed FUGRO HOUSE – KCC 2 in Kwai Chung with about 57,000 square feet of office space was fully let.

The Group will further strengthen its leading position in the Hong Kong leasing market. The addition of the joint-venture office-cum-retail project at 98 How Ming Street will further expand the Group's foothold in Kowloon East. Preliminary marketing of its two grade-A office towers has commenced while a premium mall featuring modern lifestyles is expected to open in 2024.

The High Speed Rail West Kowloon Terminus Development will be developed into a mega integrated project. According to the latest approved planning, the office-cum-retail project will feature a brand new concept. Its retail space has been revised upwards to represent nearly 20% of the entire project. After the revision, the retail portion will cover a gross floor area of some 600,000 square feet. The development will also provide green public spaces and a parkway, which will foster the integration of old and new communities. All these will allow the public to enjoy more green spaces, shopping convenience and options. With its excellent transportation networks to different parts of Hong Kong and other cities in the Greater Bay Area, this integrated project will synergize with the Group's ICC nearby as well as its other transit-oriented developments along the Guangzhou-Shenzhen-Hong Kong Express Rail Link. Complemented by Hong Kong's strength in financial services and the favourable initiatives of the Central Government such as Wealth Management Connect, the project will become not only a landmark in Hong Kong but also a business hub in the Greater Bay Area.

The Group aims to create sustainable value for its property investment portfolio through a variety of approaches, including enhancing the standards and practices in Environmental, Social and Governance (ESG) matters. In this regard, projects at 98 How Ming Street and above High Speed Rail West Kowloon Terminus have been designed to obtain the top Platinum ratings from Leadership in Energy and Environmental Design (LEED) and WELL. To help foster the development of Hong Kong into a smart city, the Group will leverage its subsidiary, SmarTone, to offer a good coverage of 5G in its existing and new developments, including residential developments, offices and shopping malls. A quality provision of 5G network will not only help raise the productivity and efficiency of the Group's office and retail tenants, but also enrich the experience of residents, shoppers and visitors.

Property Business – Mainland

Land Bank

In April 2021, the Group acquired large-scale mixed-use sites, providing about 9.3 million square feet of residential, serviced apartments, office, retail and hotel spaces adjacent to the Guangzhou South Railway Station. This addition will further strengthen the Group's strategic presence in the Greater Bay Area. Guangzhou South Railway Station is the busiest high speed railway station in the country with an average daily passenger flow of over 500,000. The project will be developed into a transit-oriented development, connecting to 12 rail and metro lines including four high speed rail lines as well as other transport means. Upon completion, the development will become an integrated station-city transport hub. A maximum of 57% of the gross floor area will be put up for sale while over 40% of the gross floor area will be held for rental and long-term investment purposes.

As at 30 June 2021, the Group's total attributable land bank on the mainland stood at 75.3 million square feet. Of this, about 59.0 million square feet are properties under development, with about 47% being developed into quality residences for sale. The remaining 16.3 million square feet are completed properties. An overwhelming majority of these completed properties are for rental and long-term investment purposes, and most of them are sizeable integrated developments situated at prominent locations in major cities.

Property Development

During the year under review, the primary residential markets in major mainland cities continued to recover, registering robust transaction volumes and stable home prices. Since July 2021, a series of regulatory and credit measures have been rolled out to maintain healthy land and housing markets. These measures are expected to positively impact on the long-term development of the property market.

The Group achieved attributable contracted sales of about RMB4,900 million on the mainland during the year. Main contributors included the wholly-owned Shanghai Arch Phase 2B and Grand Waterfront in Dongguan, in addition to several joint-venture projects such as Forest Hills in Guangzhou, TODTOWN in Shanghai and Oriental Bund in Foshan.

During the year, the Group completed a total gross floor area of about 3.9 million square feet on the mainland, of which close to 40% are properties for rental purpose. Project details are shown in the following table. The luxury units at Phase 2B of Shanghai Arch were highly acclaimed by buyers for their outstanding design and panoramic views of the Bund.

Project	**Location**	**Usage**	**Group's Interest** (%)	**Attributable Gross Floor Area** (square feet)
Nanjing Two IFC	Hexi CBD, Nanjing	Office	100	1,495,000
The Woodland Phase 5A	Zhongshan 5 Road, Zhongshan	Residential/ Shops	JV	773,000
Oriental Bund Phases 3A & 3C	Chancheng, Foshan	Residential/ Shops	50	617,000
Shanghai Arch Phase 2B	Lujiazui, Shanghai	Residential	100	442,000
Chengdu ICC Phase 2B	Jinjiang, Chengdu	Residential	40	397,000
TODTOWN Phase 1	Minhang, Shanghai	Residential	35	214,000
Total				**3,938,000**

Property Investment

During the year under review, the Group's gross rental income from the mainland, including contributions from joint-ventures and associates, recorded a 25% year-on-year increase to RMB5,199 million. The healthy growth was mainly driven by the robust performance of the retail portfolio amid a strong recovery in retail sales on the mainland, in particular luxury spending. The Group's office portfolio also recorded stable rental performance with high occupancy during the year despite fierce competition.

The Group's quality retail portfolio on the mainland benefitted from robust domestic consumption. With strategic locations, dedicated market positioning, well-designed tenant mix as well as marketing initiatives, the Group's major malls remained appealing to both customers and retailers. During the year, impressive growth in tenant sales was recorded, particularly in the second half of the financial year. Shanghai IFC Mall has become a must-go destination for locals and travellers craving for high-end shopping and fine dining while IAPM is a trendsetter with a range of young lifestyle brands and popular culinary options. One ITC houses a unique combination of international upscale brands and stages creative promotions. An integrated loyalty programme 'SHKP i club' for the Group's malls in Shanghai was rolled out during the year, offering attractive privileges to customers. Targeting trendy and young shoppers, Beijing APM in Beijing strengthened its trade mix on sportswear and cosmetic brands, while Parc Central in Guangzhou continued to be a popular shopping hotspot among youngsters with the introduction of instagrammable promotions and live-streaming marketing events. Occupancies of these major malls were satisfactory.

Apart from its expanding retail network, the Group has built a reputable brand for its office portfolio on the mainland. Situated at prime locations, the Group's office portfolio distinguished itself from its peers with its premium building quality, high specifications and professional property management. Tenants at the Group's office buildings can enjoy daily convenience at the shopping centres beneath. Among the Group's strong footprint in Shanghai, Shanghai IFC remained a preferred choice for renowned corporations, registering high occupancy. Shanghai ICC saw high committed occupancy while the first two phases of ITC were virtually fully let. To enhance the competitiveness of its office portfolio, the Group continues to carry out asset enhancement works. Renovation work to upgrade Sun Dong An Office Tower in Beijing has started in phases.

Nanjing IFC is another of the Group's signature integrated projects on the mainland. Atop a metro station with excellent transport connectivity, the development includes two office towers, a high-end mall and the Andaz Nanjing hotel in Hexi CBD in Nanjing. Comprising a combined office floor area of about two million square feet, Nanjing One IFC and Nanjing Two IFC were completed in 2019 and 2020 respectively. While Nanjing One IFC houses leading professional services and renowned corporations from various industries with about 80% committed occupancy, the leasing of Nanjing Two IFC is proceeding satisfactorily. Nanjing IFC mall, spanning over one million square feet, is scheduled to open in phases from 2022 onwards. Enthusiastic pre-leasing responses from top-notch international brands have been received.

The Group also proactively steps up its ESG standards for its property investment portfolio on the mainland. The 7.6-million-square-foot ITC development in Shanghai will be a showcase. Its 220-metre-tall office tower and 370-metre-tall office skyscraper, which are now under construction in its remaining phase, are designed to obtain LEED Platinum certification. Pre-leasing of the 220-metre-tall office tower, scheduled for completion in mid 2022, has received encouraging responses. Other key components of ITC include a high-end mall of about 2.5 million square feet and a hotel, Andaz Shanghai ITC. Different parts of this flagship project will be connected by footbridges, offering a distinguished one-stop destination for work, shopping, entertainment and leisure. Upon full completion, ITC will enliven the entire Xujiahui area and set a new benchmark for integrated developments in Shanghai.

Over the medium-to-long term, the Group will continue to selectively look for high-potential projects in major mainland cities to further expand its collection of iconic integrated developments. As mentioned earlier, the Group added the mega integrated Guangzhou South Railway Station project, comprising a total gross floor area of about 9.3 million square feet, to its pipeline in the Greater Bay Area. Over 40% of the gross floor area will be held for long-term investment. The project will enjoy convenient transportation, and it takes less than 50 minutes to Hong Kong via the high speed rail. The connectivity of this project will be further enhanced after the commencement of a new rail line in 2022, enabling easy access to Guangzhou town centre in around 30 minutes. Upon completion, this project will synergize with the Group's West Kowloon Terminus Development in Hong Kong, a complex sitting at the other end of the Guangzhou-Shenzhen-Hong Kong Express Rail Link. In Hangzhou, the Group's joint-venture Jianghehui development will feature offices, retail space, premium residences, serviced apartments and hotel facilities spanning an above-ground gross floor area of about nine million square feet. About 50% of the gross floor area will be held for long-term investment, and those buildings are meticulously designed to obtain Gold or above certification from LEED. This integrated complex of diversified functions, together with the planned waterfront cultural and tourism facilities in the vicinity, will contribute to an enhanced urban development of the city. With gradual completions of these large-scale projects, the Group's recurrent income stream will be further uplifted.

Other Businesses

Hotels

The performance of the Group's hotel portfolio in Hong Kong has showed some signs of improvement since the beginning of 2021, but the portfolio experienced an operating loss during the year due mainly to the lack of tourists amid the pandemic. The management team has taken a variety of initiatives to alleviate the negative impact, including the introduction of creative staycation programmes and promotions for long-stay customers.

The Ritz-Carlton Shanghai, Pudong saw a recovery from the pandemic during the year. As part of the Group's integrated developments in major mainland cities, a number of hotels, including Andaz Shanghai ITC, are under development. The Group's luxury hotel Andaz Nanjing, which will offer about 360 guest rooms, is expected to open from 2022.

Telecommunications and Information Technology

SmarTone

During the year, the mobile telecom business remained very challenging. The ongoing COVID-19 pandemic has virtually stopped international travel and resulted in a substantial drop in roaming revenue of SmarTone. The local business meanwhile remained very competitive. Against this backdrop, SmarTone focused on various initiatives to enhance revenues and improve productivity. There has been an encouraging uptake of 5G services amongst its subscribers. The 5G Home Broadband, which offers cost-effective internet connectivity at home, has seen strong growth and even stronger positive feedback. The company has also been able to improve its cost structure substantially without impacting on quality. This has helped the company to sustain its profitability in difficult times.

The coming year is expected to remain challenging as spectrum amortization costs will rise materially, although there is clear momentum in revenue growth. The company will continue to make investments to upgrade its network to serve its customers, especially in 5G. The company believes 5G is a critical digital infrastructure for Hong Kong, and is the foundation of Hong Kong's future technology development and integration with the Greater Bay Area. SmarTone already has 99% 5G network coverage in Hong Kong, but it will invest further to enhance quality and expand coverage in areas such as country parks and hiking trails. SmarTone has recently established a 5G Lab at Sky100 Hong Kong Observation Deck that showcases the latest 5G applications. The objective is to enhance the public's understanding towards 5G and how 5G can enhance daily life, for both consumers and businesses. In the first three months since its opening the Lab had already drawn nearly 200,000 visitors. In addition, SmarTone will continue to help ensure quality coverage of 5G network for the Group's existing and new projects. The Group remains confident of SmarTone's prospects and will continue to hold its stake in the company as a long-term investment.

SUNeVision

During the year under review, SUNeVision continued to see healthy business growth. The pandemic has accelerated the process of digitalization for both businesses and consumers, and this has led to a higher demand for data centres. Cloud adoption is also stepping up globally, including in Hong Kong. These factors have benefitted the growth of the company. SUNeVision's network exchange business continued to be strong, and MEGA-i is a top network hub globally. Other data centres, such as MEGA Two and MEGA Plus, have also seen impressive growth from existing and new customers.

Looking ahead, SUNeVision has a robust pipeline for growth and has substantially upgraded power capacity in all its major facilities. Within 2022, the first phase of the MEGA IDC data centre in Tseung Kwan O and MEGA Gateway in Tsuen Wan will be opened, while the company's eighth data centre, MEGA Fanling in Fanling, will start to operate. With state-of-the-art infrastructure and power density, MEGA IDC is built on a dedicated site, so it is free from any subletting restrictions as in the nearby industrial estates. MEGA Fanling is already fully committed and will be occupied by a single cloud tenant. All in all, SUNeVision's footprint will grow from the current 1.4 million square feet to nearly three million square feet over the next few years. It is not just quantity but also quality. The company benefits from the fact that nearly all of its current and future data centres are self-owned, which ensures better management and periodic enhancements to meet customer needs. The company will continue to invest in best-in-class infrastructure and services to serve its customers.

Infrastructure and Other Businesses

During the year under review, the Group's infrastructure and transport businesses reported mixed performance amid the COVID-19 pandemic. Wilson Group has seen business improvement throughout the year with the local pandemic situation under control, but Route 3 (CPS) is still negatively impacted partly because of the cross-border travel restrictions. The Hong Kong Business Aviation Centre (HKBAC) has been heavily impacted, but its financial position remained healthy with the introduction of cost-mitigating measures. During the year, HKBAC reached an agreement with the Airport Authority Hong Kong to expand its facility to further strengthen its position as Asia's premium aviation hub, reflecting the Group's confidence in the prospects of the aviation business in Hong Kong in the long run. The Airport Freight Forwarding Centre delivered stable performance during the year, while its cargo-handling capacity has been further enlarged following the recent completion of an annex facility. The River Trade Terminal recorded mild business growth, supported by increased throughput and businesses from new customers.

YATA continued to perform well during the year. Its supermarket businesses have continued to do well as consumers are increasingly willing to pay for quality. YATA has now expanded to 13 locations across Hong Kong. It will continue to explore new innovative concepts to bring excitement and cater to the needs of customers in different locations.

Corporate Finance

The Group has a consistent record of disciplined financial policies in maintaining low gearing, high interest coverage and ample liquidity. As at 30 June 2021, the Group's net debt to shareholders' funds ratio maintained at a low of 16% while interest coverage ratio achieved 13.8 times. This robust financial position will enable the Group to finance its business commitments in the future.

The Group remains the best-rated developer in Hong Kong. Moody's and S&P have granted the Group an A1 and A+ rating respectively, both with stable outlooks. Armed with such credit ratings, the Group continued to issue bonds in the debt capital markets through private placements of HK$700 million 3-year bonds, HK$2,490 million 7-year bonds, CNH800 million 3-year bonds and CNH1,110 million 7-year bonds to diversify its funding bases under the Medium Term Note Programme during the year. In March 2021, the Group procured a HK$16,800 million 5-year syndicated loan facility to extend its debt maturity, which once again demonstrated its solid banking relationships. All of the above financings have enabled the Group to build a large reserve of standby liquidity for its future development.

On the mainland, measures including the ‘three red lines’ policy for property developer borrowing and the bank loan concentration management system for real estate exposure have inevitably tightened up overall liquidity in the property sector. Lately, the average period of mortgage approval and drawdown has been lengthened substantially. The new arrangement coupled with demand-side management measures may cause mainland developers to reduce debts by various means including slowing down land acquisitions. The downgrading of selected mainland developers by rating agencies also gives rise to increased risks in the system. Nevertheless, the Group continued to receive strong support from leading banks in providing Renminbi financing for both the construction and operation of its mainland projects.

The Group has not executed any derivative or structured product transactions for speculation. Most of the Group’s borrowings are denominated in Hong Kong dollars with the remainder mainly in US dollars and Renminbi.

Corporate Governance

The Group is committed to a high standard of corporate governance practices and firmly believes that good corporate governance is pivotal in growing the Group’s businesses and generating long-term sustainable value for all stakeholders.

The Board directs and oversees the Group’s overall strategies, supported by four delegated Board Committees, namely the Executive Committee, the Audit and Risk Management Committee, the Nomination Committee and the Remuneration Committee. Comprising 17 members, the Board has eight Independent Non-Executive Directors (INEDs). The Executive Committee, which consists of all seven Executive Directors and a number of senior executives from core business divisions, is responsible for formulating, reviewing and monitoring the Group’s policies and making decisions on key operations. The remaining three Committees, with all members being Non-Executive Directors, are chaired by INEDs. The strong presence of independent members on the Board ensures the objectivity of its decision-making process.

The Group has a crisis management taskforce, co-led by two Deputy Managing Directors, to handle major risks and issues so as to maintain smooth daily business operations, effective risk management and internal control. The taskforce currently focuses on tackling pandemic-related challenges.

The Group has received various acclaim and awards from the investment community in recognition of its excellence in corporate governance. During the year, the Group attained a record high of 24 accolades in the Real Estate Survey 2020 by *Euromoney*, including the top regional award, Asia Pacific’s Best Overall Developer, and was named the Best Real Estate Company in Asia Pacific in 2021 by *FinanceAsia*.

Sustainable Development

While addressing challenges presented by the pandemic, the Group has worked hard to achieve considerable progress on ESG fronts over the past year. This enables the Group to realize its Building Homes with Heart belief in making the earth and our community a better home for all. During the year, the Group's top management have placed increasing emphasis on driving and developing sustainability development strategies, as well as overseeing the respective performance and managing risks. During the year, the Group's dedicated work on ESG has been well recognized by external parties, including ESG rating agencies.

Environment

On the environmental front, the Group has established targets to reduce energy consumption, greenhouse gas emission, water usage and construction waste to help combat climate change. The Group will continue to promote a wider use of electric vehicles (EVs) in the community by installing EV charging stations at its new developments, including residential projects and shopping malls. Meanwhile, the Group continues to encourage its associate, Transport International, to use electric buses extensively in an effort to improve roadside air quality and reduce greenhouse gas emissions, enabling the public to breathe cleaner air. To facilitate the use of renewable energy, the Group, as one of the pioneers, will install solar panels in its new projects. Wetland Seasons Park, a large-scale residential project bordering the Hong Kong Wetland Park, blends human life with nature. It demonstrates the Group's capabilities in ecological design and careful construction to strike a good balance between development and conservation. All these efforts aim to foster a better and sustainable living environment for the Hong Kong community over time.

The Group was among the first batch of developers in Hong Kong to incorporate green elements in all facets of property development and management. Tower One of KCC is the first office building to attain LEED Gold certification in Hong Kong. The Group aims to achieve LEED certification for all its new properties for investment purpose. In particular, the Group has targeted to obtain LEED Gold or Platinum ratings for its core commercial projects under development, such as projects at 98 How Ming Street and High Speed Rail West Kowloon Terminus in Hong Kong as well as the remaining phase of ITC in Shanghai. Moreover, the Group is constantly reviewing its existing properties for investment purpose to look for areas of environmental performance enhancements. As evidence, the commercial parts of Shanghai IFC and Shanghai ICC received Platinum ratings in the LEED V4.0 for Building Operations and Maintenance: Existing Buildings during the year. Both Two IFC and ICC in Hong Kong have been awarded Platinum rating under BEAM Plus Existing Building V2.0 Comprehensive Scheme.

Social

The Group continued to invest in and contribute to the community through a variety of CSR initiatives. Considerable efforts have been made in the fight against the COVID-19 pandemic, including the introduction of a large-scale lucky-draw promotion to encourage vaccination among the public and being one of the first developers in Hong Kong to support the HKSAR Government's vaccination outreach scheme.

During the year, construction work started on United Court in Yuen Long, a major transitional housing project of about 1,800 units to which the Group had leased the land at a nominal rent. The Group had made its project application for the HKSAR Government's Land Sharing Pilot Scheme with a site near Tung Shing Lei, Yuen Long, to help provide much-needed public and private-sector housing in the short-to-medium term. The project will consist of 4,090 units of which over 2,600 will be for public housing. This project is in keeping with the Group's strong belief that only a dual-track strategy of public and private sector working together would be most effective in resolving Hong Kong's housing issue for the long term.

On community investment, the Group's sports-for-charity and reading promotion initiatives took on virtual formats, including a first virtual cycling race for secondary students, and the signature SHKP Read to Dream programme through online activities. People in need received support under the Group's Building Homes with Heart Caring Initiative. In view of the massive downpours in Henan province in July 2021, the Group has donated RMB20 million to support the flood relief and post-disaster rebuilding work, helping the affected people in the area to weather this hardship.

Continued business success is essential to the Group's sustainability. To ensure continuous quality enhancement for its products and services, the Group has proactively sought customers' feedback. The 430,000-strong SHKP Club has been playing an effective role in this respect by helping the Group keep close tabs on customer needs and aspirations. Leveraging cutting-edge technologies like 5G, the Group through its subsidiary SmarTone has launched a 5G Lab at Sky100 Hong Kong Observation Deck as a platform to drive new 5G applications that can help businesses stay at the forefront of technology innovation, while educating and promoting 5G applications and benefits among the general public.

Employees are regarded as valuable assets to the Group and are essential in helping to provide quality products and services. Considerable attention has been paid to their well-being, health and development. To encourage COVID-19 vaccination among the workforce, staff at the Group headquarters and many subsidiaries are provided free pre-vaccination examination by doctors, as well as a day's rest following each jab. Diversified training and learning are offered to employees through structured training programmes online and offline where practical. In addition, the Group participated in the HKSAR Government's Greater Bay Area Youth Employment Scheme, placing university graduates into different positions at projects and offices in Greater Bay Area cities.

The Group recognizes that it is crucial to integrate ESG into business strategies in order to build a sustainable business and community at large. The Group will continue to create value for stakeholders, community and future generations by enhancing its sustainability strategy and practices in the long run.

PROSPECTS

Major economies around the world are expected to continue to recover following the gradual lifting of social-distancing measures and a rising number of vaccinations. Positive government responses, including ultra-loose monetary policies, continue to provide major support to these economies. Nevertheless, the global economy is still likely to face different challenges and uncertainties, including uneven recoveries across countries and industries, COVID-19 mutations and the subsequent spreading of new variants, Sino-US tensions, and other geopolitical risks.

Thanks to the Central Government's dual circulation strategy and effective containment measures against the pandemic, the mainland economy is expected to continue to perform well in the years to come. While merchandise trade is likely to be buoyant, robust domestic consumption and accelerated investment in high-tech sectors will remain key growth drivers. The balanced monetary and fiscal policies are also likely to bring about a stable economic operating environment. With anticipated continuous economic expansion and urbanization, the mainland property sector is expected to experience steady and sustainable development over time.

Hong Kong's economic recovery is also expected to continue, backed by enhanced social and business environment, a well-contained local pandemic, supportive consumption stimuli, a robust mainland economy and improved global prospects. With the support from the National 14th Five-Year Plan, Hong Kong is expected to be developed into an international centre of innovation and technology in addition to its traditional status of being an international financial, transportation and trade centre. The principle of 'One Country, Two Systems' is definitely an advantage for Hong Kong's ongoing economic development in the Greater Bay Area. All these underpin the city's long-term future and economic prospects, forming a new 'Pearl of the Orient' as well as a modern cosmopolitan city combining Chinese and Western cultures. In the short term, cross-border travel restrictions will remain in effect and impact on the operating environment. Nevertheless, the normal flow of people between Hong Kong and the mainland is expected to be restored earlier and easier, given that both places have effectively controlled the pandemic. This will be conducive to the overall economy in general, particularly the retail and hospitality industries.

The Group is confident about the prospects of Hong Kong's property market on the back of an anticipated better future for the city and a relatively low global interest-rate environment. The Group will continue to strengthen its core businesses by acquiring land selectively for development both in Hong Kong and major cities on the mainland when opportunities arise. In particular, the Group will speed up the conversions of agricultural land into buildable sites in Hong Kong as always. It will continue to make every effort to provide more housing units and help alleviate the housing problem in Hong Kong.

As usual, the Group will put new property developments on the market when ready. Over the next nine months, major projects planned for sale in Hong Kong will include a new phase of Victoria Harbour in North Point, and the first phases of various residential projects, including Yuen Long Station development, a large-scale residential project in proximity to MTR Siu Hong

Station in Tuen Mun and a residential development in Pak Shek Kok. An industrial building in Tsuen Wan is also scheduled for sale. On the mainland, upcoming new launches of residential units will include several joint-venture developments such as Jianghehui project in Hangzhou, Suzhou ICC, Chengdu ICC and Oriental Bund in Foshan.

The near-term performance of the Group's property investment portfolio in Hong Kong remains constrained by the timing and scale of the cross-border travel reopening. Other than leveraging a wider application of SHKP Malls App and other smart technology, the Group continues to offer various privileges and promotions regarding the use of consumption vouchers to drive footfall and sales for its malls in Hong Kong. Meanwhile, bolstered by a strong domestic circulation, the Group's mainland property investment portfolio is expected to perform well, enabling healthy performance in its overall recurring income in the short term.

Over the medium-to-long term, the Group will continue to build large-scale integrated projects in a bid to strengthen its property investment business. These include the integrated landmark project atop the High Speed Rail West Kowloon Terminus in Hong Kong, the mega ITC in Shanghai, Jianghehui project in Hangzhou and the newly added Guangzhou South Railway Station project. In Hong Kong, the Group's office-cum-retail development in Kwun Tong will be completed by 2023 while the extension of YOHO Mall in Yuen Long will be opened. On the mainland, the 220-metre-tall office tower at ITC in Shanghai is scheduled for completion in mid 2022 while Andaz Nanjing and Nanjing IFC mall in Nanjing are expected to open in phases in the year ahead. The combined gross floor area of new additions to the Group's property investment portfolio both in Hong Kong and on the mainland is expected to exceed 16 million square feet in the next five years, of which about 85% are from the mainland. All these will strengthen the Group's diversified property investment portfolio, providing growth impetus for recurrent income over the medium-to-long term, particularly those from the mainland.

The Group has made a strong commitment to the future of Hong Kong and the mainland since its public listing in 1972. Underpinning the vision of becoming a world-class real estate company in Hong Kong, the Group has focused on building a caring relationship with its customers and the communities it serves. With a mission of Building Homes with Heart and its customer-centric culture, the Group aims to develop its projects not just as quality dwellings, but more so a comprehensive, safe, comfortable, green and technology-savvy community for living, working, shopping and recreation. While the Group's residential projects seek to provide harmonious and joyful homes for cross-generational living with diverse lifestyle facilities catering to different age groups, its transit-oriented integrated commercial projects, like the one on top of High Speed Rail West Kowloon Terminus in Hong Kong and the Guangzhou South Railway Station project, would synergize with the neighbourhoods, creating values and vibrancy for the community. As quality being one of its top priorities, the Group is committed to the continued enhancement of products and services to strengthen its premium brand position over the years, gaining a strong recognition in the market. The Group also consistently reviews its completed properties for investment, looking for further upgrades and renovations to meet the latest standard in terms of green, wellness and market needs. In this respect, the Group will emphasize constant innovation with a wide application of smart technologies to enhance customer experience. With all these initiatives, the Group aims to create more value for future generations in a sustainable manner.

Looking further ahead, the Group is confident in its future business development and prospects. With its extensive knowledge and experience accumulated during the ups and downs of about half a century, the Group will weather the upcoming uncertainties well. Its forward-looking and experienced management team, together with a solid financial position with sizable recurring income, will be able to turn future adversities into opportunities. As a caring and socially responsible company, the Group will continue to contribute to building a better world through its commitment to ESG, in particular issues on climate change and green building. The Group's pursuit of excellence, which has been strongly embedded in its vision and mission, will enable it to advance the best interests of its customers, employees, shareholders and business partners, and the community as a whole.

IN MEMORY

Mr. Kwong Chun, former Executive Director, sadly passed away on 7 May 2021. Mr. Kwong served the Group for 49 years and had been an Executive Director of the Group since 1992, spearheading the Group's property business development in southern China. He established Hong Yip Service Company Limited in 1967 and was its Chairman. Mr. Kwong demonstrated strong commitment to the Group during his tenure of office and his valued contribution will always be remembered by all of us.

APPRECIATION

I would like to take this opportunity to express my sincere gratitude to all staff for their commitment, diligence and contribution, particularly in ensuring the Group's effective operations and providing quality products and services throughout the past challenging year. I would also like to thank my fellow directors for their guidance and all our shareholders and customers for their continued support.

Kwok Ping-luen, Raymond
Chairman & Managing Director

Hong Kong, 9 September 2021

ANNOUNCEMENT

The Board of Directors of Sun Hung Kai Properties Limited announces the following audited consolidated figures for the Group for the year ended 30 June 2021 with comparative figures for 2020:-

Consolidated Income Statement
For the year ended 30 June 2021
(Expressed in millions of Hong Kong dollars)

	Notes	2021	2020
Revenue	**2**	**85,262**	82,653
Cost of sales		**(40,493)**	(40,517)
Gross profit		**44,769**	42,136
Other net income		**250**	831
Selling and marketing expenses		**(5,009)**	(4,560)
Administrative expenses		**(2,765)**	(2,952)
Operating profit	**2**	**37,245**	35,455
Change in fair value of investment properties		**(1,551)**	(4,423)
Finance costs		**(2,477)**	(2,528)
Finance income		**487**	408
Net finance costs	**3**	**(1,990)**	(2,120)
Share of results of:			
Associates		**723**	181
Joint ventures		**2,249**	1,418
	2	**2,972**	1,599
Profit before taxation	**4**	**36,676**	30,511
Taxation	**5**	**(9,230)**	(6,197)
Profit for the year		**27,446**	24,314
Profit for the year attributable to:			
Company's shareholders		**26,686**	23,521
Perpetual capital securities holders		**66**	169
Non-controlling interests		**694**	624
		27,446	24,314
(Expressed in Hong Kong dollars)			
Earnings per share based on profit attributable to the Company's shareholders (reported earnings per share)	**6(a)**		
Basic		**$9.21**	$8.12
Diluted		**$9.21**	$8.12
Earnings per share excluding the effect of change in fair value of investment properties net of deferred tax (underlying earnings per share)	**6(b)**		
Basic		**$10.31**	$10.13
Diluted		**$10.31**	$10.13

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2021
(Expressed in millions of Hong Kong dollars)

	2021	2020
Profit for the year	**27,446**	24,314
Items that may be reclassified subsequently to profit or loss:		
Exchange difference on translation of Mainland operations	**7,596**	(3,138)
Cash flow hedge		
- fair value (losses)/gains recognized directly through other comprehensive income	**(308)**	254
- fair value gains transferred to consolidated income statement	**(30)**	(31)
	(338)	223
Fair value gains of debt securities at fair value through other comprehensive income	**26**	-
Share of other comprehensive income/(loss) of associates and joint ventures	**2,195**	(787)
Items that will not be reclassified to profit or loss:		
Fair value gains/(losses) of equity securities at fair value through other comprehensive income	**192**	(332)
Share of other comprehensive income of an associate	**178**	154
Other comprehensive income/(loss) for the year	**9,849**	(3,880)
Total comprehensive income for the year	**37,295**	20,434
Total comprehensive income for the year attributable to:		
Company's shareholders	**36,317**	19,728
Perpetual capital securities holders	**66**	169
Non-controlling interests	**912**	537
	37,295	20,434

Consolidated Statement of Financial Position
As at 30 June 2021
(Expressed in millions of Hong Kong dollars)

	Notes	2021	2020
Non-current assets			
Investment properties	**8**	**395,879**	380,717
Property, plant and equipment		**42,921**	40,825
Associates		**7,093**	6,306
Joint ventures		**94,388**	72,476
Financial investments		**3,229**	2,603
Intangible assets		**4,273**	4,288
Other non-current assets		**5,803**	6,954
		553,586	514,169
Current assets			
Properties for sale		**200,934**	196,153
Inventories		**362**	367
Trade and other receivables	**9**	**18,373**	17,029
Financial investments		**1,383**	824
Bank deposits and cash		**21,781**	31,705
Assets of subsidiaries contracted for sale	**10**	**-**	37,584
		242,833	283,662
Current liabilities			
Bank and other borrowings		**(20,979)**	(26,375)
Trade and other payables	**11**	**(28,210)**	(36,851)
Deposits received on sales of properties		**(8,644)**	(21,462)
Current tax payable		**(15,366)**	(12,654)
		(73,199)	(97,342)
Net current assets		**169,634**	186,320
Total assets less current liabilities		**723,220**	700,489
Non-current liabilities			
Bank and other borrowings		**(95,844)**	(86,231)
Deferred tax liabilities		**(25,694)**	(22,638)
Other non-current liabilities		**(2,056)**	(1,205)
		(123,594)	(110,074)
NET ASSETS		**599,626**	590,415
CAPITAL AND RESERVES			
Share capital		**70,703**	70,703
Reserves		**523,117**	501,110
Shareholders' equity		**593,820**	571,813
Perpetual capital securities	**12**	**-**	3,813
Non-controlling interests		**5,806**	14,789
TOTAL EQUITY		**599,626**	590,415

1. Basis of Preparation

The financial information relating to the years ended 30 June 2021 and 2020 included in this preliminary announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those consolidated financial statements. The Company has delivered the consolidated financial statements for the year ended 30 June 2020 to the Registrar of Companies and will deliver the consolidated financial statements for the year ended 30 June 2021 in due course. The Company's auditor has reported on the consolidated financial statements for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

The 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 "Listing Rules"). 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.

In the current year, the Group has adopted a number of amendments to HKFRSs issued by the HKICPA that are effective for the first time for the Group's financial year beginning 1 July 2020. None of these amendments had a material impact on the Group's financial statements.

The Group has not applied any new standard or amendment that is not effective for the current year.

(Expressed in millions of Hong Kong dollars)

2. Segment Information

Segment revenue and results are measured without allocation of central administration costs, other net income, net finance costs and change in fair value of investment properties, which are reported to the Group's management for the purposes of resource allocation and assessment of segment performance.

(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 2021

	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	34,681	14,522	199	49	34,880	14,571
Mainland	8,020	4,726	3,117	1,697	11,137	6,423
	42,701	19,248	3,316	1,746	46,017	20,994
Property rental						
Hong Kong	15,152	11,214	2,875	2,330	18,027	13,544
Mainland	5,258	4,436	864	663	6,122	5,099
Singapore	-	-	642	506	642	506
	20,410	15,650	4,381	3,499	24,791	19,149
Hotel operations	2,178	(441)	364	(70)	2,542	(511)
Telecommunications	6,720	674	-	-	6,720	674
Transport infrastructure and logistics	3,743	1,093	3,178	296	6,921	1,389
Data centre operations	1,874	962	-	-	1,874	962
Other businesses	7,636	1,465	629	54	8,265	1,519
Segment total	85,262	38,651	11,868	5,525	97,130	44,176
Other net income/(loss)		250		(22)		228
Unallocated administrative expenses		(1,656)		-		(1,656)
Operating profit		37,245		5,503		42,748
Change in fair value of investment properties						
Hong Kong		(4,160)		(599)		(4,759)
Mainland		2,609		595		3,204
Singapore		-		(483)		(483)
		(1,551)		(487)		(2,038)
Net finance costs		(1,990)		(309)		(2,299)
Profit before taxation		33,704		4,707		38,411
Taxation						
- Group		(9,230)		-		(9,230)
- Associates		-		9		9
- Joint ventures		-		(1,744)		(1,744)
Profit for the year		24,474		2,972		27,446

(Expressed in millions of Hong Kong dollars)

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	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	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
Segment total	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		35,455		4,442		39,897
Change in fair value of investment properties						
Hong Kong		(3,463)		(1,225)		(4,688)
Mainland		(960)		(177)		(1,137)
Singapore		-		(246)		(246)
		(4,423)		(1,648)		(6,071)
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

As of 30 June 2021, the aggregate amount of transaction price allocated to the remaining performance obligations under the Group's existing contracts of sales of properties was HK$26,382 million (2020: HK$46,405 million). This represents the aggregate amount of revenue expected to be recognized by the Group in the future, of which approximately 71% (2020: 73%) 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.

(Expressed in millions of Hong Kong dollars)

Results from property sales include selling and marketing expenses of HK$619 million (2020: HK$779 million) and HK$62 million (2020: HK$74 million) that relate to pre-sale of property projects under construction in Hong Kong and Mainland, 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.

(b) Geographical information

An analysis of the Group's revenue by geographical area of principal markets is as follows:

	2021	2020
Hong Kong	**71,201**	74,567
Mainland	**13,704**	7,860
Others	**357**	226
	85,262	82,653

3. Net Finance Costs

	2021	2020
Interest and other finance costs on bank and other borrowings	**3,117**	3,345
Notional non-cash interest accretion	**21**	12
Finance costs on lease liabilities	**41**	52
Less : Amount capitalized	**(702)**	(881)
	2,477	2,528
Interest income on bank deposits	**(487)**	(408)
	1,990	2,120

(Expressed in millions of Hong Kong dollars)

4. Profit before Taxation

	2021	2020
Profit before taxation is arrived at		
after charging:		
Cost of properties sold	**20,220**	19,336
Cost of other inventories sold	**3,764**	3,806
Depreciation of property, plant and equipment	**2,893**	2,832
Amortization of		
Intangible assets (included in cost of sales)	**588**	549
Contract acquisition costs	**1,702**	1,200
Impairment loss on		
Property, plant and equipment	**-**	85
Goodwill	**3**	3
Credit loss allowance on		
Loans receivables	**32**	8
Trade and other receivables	**92**	41
Financial investments measured at fair value through other comprehensive income and amortized cost	**42**	-
Lease expenses		
Short-term and low-value assets leases	**463**	502
Variable lease payments	**156**	185
Staff costs (including directors' emoluments and retirement schemes contributions)	**8,264**	8,620
Share-based payments	**27**	25
Auditors' remuneration	**25**	25
Loss on disposal of financial investment at fair value through profit or loss	**-**	40
Loss on disposal of property, plant and equipment	**18**	-
and crediting:		
Dividend income from investments	**117**	125
Interest income from investments	**104**	126
Profit on disposal of financial investments at fair value through profit or loss	**105**	-
Fair value gains on financial investments at fair value through profit or loss	**230**	29
Profit on disposal of property, plant and equipment	**-**	6

(Expressed in millions of Hong Kong dollars)

5. Taxation

	2021	2020
Current tax expenses		
Hong Kong profits tax	**4,383**	4,502
Under/(over) provision in prior years	**5**	(77)
	4,388	4,425
Tax outside Hong Kong	**3,521**	1,777
(Over)/under provision in prior years	**(1)**	1
	3,520	1,778
Total current tax	**7,908**	6,203
Deferred tax expenses		
Change in fair value of investment properties	**852**	(477)
Other origination and reversal of temporary differences	**470**	471
Total deferred tax	**1,322**	(6)
Total income tax expenses	**9,230**	6,197

Hong Kong profits tax is provided at the rate of 16.5% (2020: 16.5%) based on the estimated assessable profits for the year. Tax outside Hong Kong, which includes Mainland land appreciation tax and withholding tax on income distributions, is calculated at the rates applicable in the relevant jurisdictions.

6. 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$26,686 million (2020: HK$23,521 million).

The basic earnings per share is based on the weighted average number of shares in issue during the year of 2,897,780,274 (2020: 2,897,778,151) shares.

Diluted earnings per share were the same as the basic earnings per share for the current year as there were no dilutive potential ordinary shares in existence during the year. The diluted earnings per share for the year ended 30 June 2020 was based on 2,897,778,583 shares which was the weighted average number of shares in issue during the prior year plus the weighted average number of 432 shares deemed to be issued at no consideration if all outstanding options had been exercised.

(Expressed in millions of Hong Kong dollars)

(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$29,873 million (2020: HK$29,368 million), excluding the net effect of change in the valuation of investment properties. A reconciliation of profit is as follows:

	2021	2020
Profit attributable to the Company's shareholders as shown in the consolidated income statement	**26,686**	23,521
Decrease/(increase) in fair value of investment properties		
Subsidiaries	**1,551**	4,423
Associates	**(406)**	27
Joint ventures	**893**	1,621
	2,038	6,071
Effect of corresponding deferred tax expenses		
Subsidiaries	**852**	(477)
Joint ventures	**223**	(100)
Non-controlling interests	**(8)**	16
Unrealized fair value losses of investment properties net of deferred tax	**3,105**	5,510
Fair value gains realized on disposal of investment properties net of deferred tax	**82**	337
Net effect of change in fair value of investment properties	**3,187**	5,847
Underlying profit attributable to the Company's shareholders	**29,873**	29,368

(Expressed in millions of Hong Kong dollars)

7. Dividends

(a) Dividends payable to equity shareholders of the Company attributable to profit for the year

	2021	2020
Interim dividend declared and paid of HK$1.25 (2020: HK$1.25) per share	**3,622**	3,622
Final dividend proposed after the end of the reporting period of HK$3.70 (2020: 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

	2021	2020
Final dividend in respect of the previous financial year, approved and paid during the year of HK$3.70 (2019: HK$3.70) per share	**10,722**	10,722

8. Investment Properties

(a) Movement during the year

	Completed	**Under development**	**Total**
Valuation			
At 1 July 2020	**322,434**	**58,283**	**380,717**
Additions	**1,265**	**6,408**	**7,673**
Transfer upon completion	**6,877**	**(6,877)**	**-**
Disposals	**(73)**	**-**	**(73)**
Transfer to property, plant and equipment	**(257)**	**-**	**(257)**
Exchange difference	**6,024**	**3,346**	**9,370**
(Decrease)/increase in fair value	**(3,179)**	**1,628**	**(1,551)**
At 30 June 2021	**333,091**	**62,788**	**395,879**

(Expressed in millions of Hong Kong dollars)

(b) The Group's investment properties were valued at their fair values at 30 June 2021 and 30 June 2020 by Knight Frank Petty Limited, an independent firm of qualified valuers, on a market value basis, in accordance with Valuation Standards on Properties issued by Hong Kong Institute of Surveyors.

	Fair value		Weighted average capitalization rate	
	2021	2020	**2021**	2020
Completed				
Hong Kong	**259,233**	259,103	**5.1%**	5.1%
Mainland	**73,858**	63,331	**6.6%**	6.6%
	333,091	322,434		

	Fair value (residual method)		Capitalization rate	
	2021	2020	**2021**	2020
Under development				
Hong Kong	**26,132**	25,319	**3.0%-5.5%**	3.0%-5.5%
Mainland	**36,656**	32,964	**5.0%-8.8%**	5.0%-8.8%
	62,788	58,283		

9. Trade and Other Receivables

Included in trade and other receivables of the Group are trade receivables of HK$2,770 million (2020: HK$3,343 million), of which 65% (2020: 65%) are aged less than 30 days, 14% (2020: 14%) between 31 to 60 days, 5% (2020: 5%) between 61 to 90 days and 16% (2020: 16%) more than 90 days.

10. Assets of Subsidiaries Contracted for Sale

	2021	2020
Investment property under development	**-**	37,584

Assets of subsidiaries contracted for sale at 30 June 2020 relate to the office portion of the proposed investment property development on the site located atop the High Speed Rail West Kowloon Terminus held by the Company’s 75% owned subsidiary Vivid Synergy Limited and was stated at fair value determined by an independent valuer. In April 2020, the Group contracted with a third party to sell a 25% interest in Vivid Synergy Limited for a consideration of HK$9,394 million. Deposits of HK$7,613 million were received during the year ended 30 June 2020 and the sale was completed in July 2020. Accordingly, Vivid Synergy Limited ceased to be a subsidiary of the Company and the Company’s remaining 50% equity interest is accounted for as interest in joint venture in the consolidated financial statements.

(Expressed in millions of Hong Kong dollars)

11. Trade and Other Payables

Included in trade and other payables of the Group are trade payables of HK$2,708 million (2020: HK$2,809 million), of which 64% (2020: 58%) are aged less than 30 days, 7% (2020: 10%) between 31 to 60 days, 3% (2020: 5%) between 61 to 90 days and 26% (2020: 27%) more than 90 days.

12. Perpetual Capital Securities

	2021	2020
Perpetual capital securities	**-**	3,813

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

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

FINANCIAL REVIEW

Review of Results for FY2020/21

Underlying profit attributable to the Company's shareholders for the year, which excluded the effect of fair value change on investment properties, was HK$29,873 million, an increase of HK$505 million or 2% compared with HK$29,368 million for the previous year. The result reflected higher contributions from property development and rental from the Mainland as well as improved performance of the Group's non-property businesses, partly offset by operating loss of hotel operations and lower development profit and rental income from Hong Kong.

Including the net effect of revaluation loss on investment properties attributable to shareholders, the Company reported an attributable profit to shareholders of HK$26,686 million, representing an increase of HK$3,165 million or 13% compared with HK$23,521 million for the previous year.

	2021	2020
	HK$ Million	*HK$ Million*
Underlying profit attributable to Company's shareholders	**29,873**	29,368
Adjustment for net revaluation movements on investment properties		
Net revaluation loss	**(3,105)**	(5,510)
Valuation gains realized on disposal	**(82)**	(337)
Net effect	**(3,187)**	(5,847)
Profit attributable to Company's shareholders	**26,686**	23,521

Revenue and Operating profit by segment for the year ended 30 June
(including share of joint ventures and associates)

	Revenue		Operating profit	
	2021	2020	**2021**	2020
	HK$ Million	*HK$ Million*	***HK$ Million***	*HK$ Million*
Property sales				
Hong Kong	**34,880**	36,873	**14,571**	16,333
Mainland	**11,137**	4,359	**6,423**	2,034
Singapore	**-**	32	**-**	10
	46,017	41,264	**20,994**	18,377
Property rental				
Hong Kong	**18,027**	19,009	**13,544**	14,456
Mainland	**6,122**	4,617	**5,099**	3,662
Singapore	**642**	588	**506**	447
	24,791	24,214	**19,149**	18,565
Hotel operations	**2,542**	3,075	**(511)**	(330)
Telecommunications	**6,720**	6,986	**674**	520
Transport infrastructure and logistics	**6,921**	7,541	**1,389**	1,365
Data centre operations	**1,874**	1,714	**962**	855
Other businesses	**8,265**	8,230	**1,519**	1,429
Segment total	**97,130**	93,024	**44,176**	40,781

Total revenue of the Group's business segments (including share of joint ventures and associates) for the year was HK$97,130 million (2020: HK$93,024 million). Total operating profit from all business segments (including share of joint ventures and associates) was HK$44,176 million (2020: HK$40,781 million), increased by HK$3,395 million or 8% year-on-year.

Total revenue from property sales (including share of joint ventures) for the year increased by 12% to HK$46,017 million, comprising revenue of HK$34,880 million from Hong Kong (2020: HK$36,873 million) and HK$11,137 million from the Mainland (2020: HK$4,359 million). Overall profit from property sales, inclusive of share of joint ventures, increased by HK$2,617 million or 14% to HK$20,994 million. Profit from property sales in Hong Kong declined by HK$1,762 million to $14,571 million, primarily due to lower residential sales completions compared with the previous year, and was mainly derived from residential projects including Cullinan West III, St Martin Phase 2, Mount Regency Phase II, Wetland Seasons Park Phase 1 as well as W LUXE office units. Profit from property sales on the Mainland increased significantly by HK$4,389 million to HK$6,423 million, mainly driven by revenue recognition from Shanghai Arch Phase 2B and TODTOWN Phase 1. Other contributions came from sale of residential units in Forest Hills, The Woodland Phase 5A, Park Royale Phase 2B and Oriental Bund Phases 3A and 3C. As at 30 June 2021, contracted property sales attributable to the Group (including share of joint ventures) not yet recognized amounted to HK$30.3 billion, comprising HK$25.7 billion in Hong Kong and HK$4.6 billion on the Mainland, of which approximately HK$19.8 billion is expected to be recognized in the next financial year FY2022. Since 1 July 2021, the Group has launched some more residential units for sales in Hong Kong including Wetland Seasons Bay Phase 1, with attributable contracted sales of HK$9.2 billion having been achieved by now. Almost all of these sales are expected to be recognized in FY2022 as well.

Total rental revenue for the year, including share of joint ventures and associates, increased by 2% to HK$24,791 million. Net rental income of the Group, including contributions from joint ventures and associates, increased by 3% to HK$19,149 million. The increase was attributed to robust rental growth in the Mainland portfolio, which more than offset the drop in rental income from the Hong Kong portfolio. Rental revenue of the Group's Mainland portfolio delivered an impressive growth of 33% year-on-year to HK$6,122 million, and net rental income increased by 39% to HK$5,099 million. The increase was primarily driven by the Mainland retail portfolio, which has sustained its strong recovery and growth momentum in the second half of the financial year. The Mainland office portfolio also recorded satisfactory growth in rental on the back of improved occupancies as well as contributions from newly completed investment properties. Rental revenue of Group's Hong Kong portfolio fell by 5% year-on-year to HK$18,027 million, and net rental income decreased by 6% to HK$13,544 million. The decrease was largely attributable to the retail portfolio, while rents and occupancy of the office portfolio remained resilient throughout the year. The lingering impact of the pandemic continued to exert pressure on retail rents. Tenant sales of the Group's retail malls have shown recovery since February 2021 alongside the easing of the pandemic, although they were still far below the pre-pandemic level. Temporary rent relief was offered to selective retail tenants on a case-by-case basis but the amount of concessions granted was substantially reduced in the second half of the financial year as the domestic market conditions started improving. The impact of all rental concessions granted was fully recognized in profit or loss for the current financial year.

Hotel operations (including share of joint ventures) recorded a loss of HK$511 million (after depreciation charge of HK$633 million) as compared with the loss of HK$330 million for the previous year. Hotel business in Hong Kong continued to be severely affected by the lack of tourists due to stringent travel restrictions and border closures and various social distancing measures imposed on the food and beverage sector. The Group implemented a number of innovative staycation offers and promotions to drive local demand as well as measures to save costs and improve operating efficiency.

SmarTone reported an operating profit of HK$674 million for the year compared with HK$520 million for the previous year. Mobile service revenue remained under pressure due to the decline in roaming business led by the reduction in travellers amid the on-going COVID-19 pandemic, while various initiatives were undertaken to boost revenues and successful optimization measures were implemented to reduce costs and increase productivity, which helped deliver growth for the bottom line.

Operating profit from transport infrastructure and logistics businesses (including share of joint ventures and associates) increased moderately to HK$1,389 million (2020: HK$1,365 million). The Group's toll road and business aviation centre operations were still negatively affected by the cross-border travel restrictions, while Airport Freight Forwarding Centre delivered stable growth upon expansion of its cargo-handling capacity and Wilson Group has seen business improvement as the local pandemic situations continued to stabilize.

SUNeVision delivered a 13% growth in operating profit to HK$962 million over the previous year. The data centre sector is benefiting from the increased use of digital infrastructure and cloud adoption by businesses in the wake of COVID-19. The pandemic has accelerated the process of digitalization across the business and consumers segments, which has led to a higher demand for data centre services from existing and new customers.

The Group's other businesses (including share of joint ventures and associates), mainly comprising property management, department store operations and financial services continued to perform well with operating profit increased by 6% to HK$1,519 million. YATA delivered satisfactory result with strong sales growth in its supermarket business.

Investment Property Revaluation Gain/Loss

The Group's investment properties (including investment properties held by joint ventures and associates) were appraised by independent valuers as at 30 June 2021, giving rise to a revaluation gain of HK$3,204 million (2020: loss of HK$1,137 million) for the Mainland portfolio and a evaluation loss of HK$4,759 million (2020: loss of HK$4,688 million) for the Hong Kong portfolio. The majority of the loss was attributable to the Hong Kong retail portfolio, reflecting lower market rents assumed in the valuation. There is no material change in the capitalization rates used. An attributable net revaluation loss (after related deferred tax and non-controlling interests) of HK$3,105 million (2020: loss of HK$5,510 million) was recognized in the consolidated income statement.

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$593.8 billion or HK$204.9 per share as at 30 June 2021 compared with HK$571.8 billion as at 30 June 2020, an increase of HK$22 billion. The increase was primarily driven by the net profit attributable to shareholders of HK$26.7 billion and foreign exchange gain of HK$9.6 billion on translation of financial statements of the Mainland and overseas operations, net of dividends paid of HK$14.3 billion.

The Group's strong financial strength allows it to continue raising long-term financing at competitive rates, thus reducing the overall cost of capital. The Group's financial position remains sound with a low debt leverage and high interest cover. Gearing ratio as at 30 June 2021, calculated on the basis of net debt to shareholders' equity of the Company, was 16% compared to 14.1% as at 30 June 2020. Interest coverage was 13.8 times, measured by the ratio of operating profit to total net interest expenses including those capitalized for the current year.

As at 30 June 2021, the Group's gross borrowings totalled HK$116,823 million. Net debt, after deducting bank deposits and cash of HK$21,781 million, amounted to HK$95,042 million. The maturity profile of the Group's gross borrowings is set out as follows:

	30 June 2021 ***HK$ Million***	30 June 2020 *HK$ Million*
Repayable:		
Within one year	**20,979**	26,375
After one year but within two years	**21,419**	15,559
After two years but within five years	**41,385**	41,917
After five years	**33,040**	28,755
Total bank and other borrowings	**116,823**	112,606
Bank deposits and cash	**21,781**	31,705
Net debt	**95,042**	80,901

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

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

(b) Treasury policies

The Group adopts a prudent policy in cash and debt management. The entire Group's financing and treasury activities are centrally managed and controlled at the corporate level. As at 30 June 2021, about 74% of the Group's bank and other borrowings were raised through its wholly-owned finance subsidiaries and the remaining 26% 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 2021, about 75% of the Group's total borrowings were denominated in Hong Kong dollars (after cross currency interest rate swaps) and 6% in US dollars, which were raised for financing the Group's business operations in Hong Kong while the remaining 19% were mostly in Renminbi and for financing the construction cost of property projects in the Mainland. The Group is exposed to currency translation risk arising mainly from translating the financial statements of subsidiaries and joint ventures operating in the Mainland. 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 the Mainland. As at 30 June 2021, approximately 19% of the Group's net assets were denominated in Renminbi. Following the Renminbi's appreciation by 9.7% against the Hong Kong dollar as of the reporting date compared with 30 June 2020, the conversion of these net assets into Hong Kong dollar resulted in a translation gain of HK$9.3 billion recognized in the exchange reserve.

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

The Group maintained an appropriate combination of fixed and floating rate borrowings to mitigate interest rate risk. As at 30 June 2021, about 56% 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 44% were on fixed rate basis.

As at 30 June 2021, 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$22,443 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 2021, about 33% of the Group's bank deposits and cash were denominated in Hong Kong dollars, 62% in Renminbi, and 5% in US dollars. The Renminbi deposits were mostly held by the Mainland subsidiaries for meeting the funding needs of their Mainland projects.

Charges of Assets

As at 30 June 2021, 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$1,129 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 2021, 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$2,293 million (30 June 2020: HK$2,437 million).

EMOLUMENT POLICY AND LONG-TERM INCENTIVE SCHEMES OF THE GROUP

As at 30 June 2021, the Group employed more than 38,500 employees. The related employees' costs before reimbursements for the year amounted to approximately HK$12,048 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 and share award schemes are in place to provide appropriate long-term incentive to the key staff of the Group. Details of the share option and share award schemes of the Group are set out in the section headed "Share Option and Share Award Schemes" of the annual report of the Company.

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.

DIVIDEND

The Board of Directors of the Company (the "Board") has decided to recommend the payment of a final dividend of HK$3.70 per share (2020: HK$3.70 per share) for the year ended 30 June 2021. Including the interim dividend of HK$1.25 per share paid on 18 March 2021, the total dividend for the year ended 30 June 2021 amounts to HK$4.95 per share (2020: HK$4.95 per share).

The proposed final dividend, if approved at the forthcoming annual general meeting of the Company (the "2021 Annual General Meeting"), will be payable in cash on Thursday, 18 November 2021 to the shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company on Wednesday, 10 November 2021. Shares of the Company will be traded ex-dividend as from Monday, 8 November 2021.

ANNUAL GENERAL MEETING

The 2021 Annual General Meeting will be held on Thursday, 4 November 2021 and the Notice of the 2021 Annual General Meeting will be published and despatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

(1) The record date for ascertaining Shareholders' entitlement to attend and vote at the 2021 Annual General Meeting will be Thursday, 4 November 2021. The register of members of the Company will be closed from Monday, 1 November 2021 to Thursday, 4 November 2021, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2021 Annual General Meeting, Shareholders must lodge all transfer documents accompanied by the relevant share certificates (together the "Share Transfer Documents") for registration not later than 4:30 p.m. on Friday, 29 October 2021.

(2) The record date for ascertaining Shareholders' entitlement to the proposed final dividend will be Wednesday, 10 November 2021, during which the register of members of the Company will be closed and no transfer of shares will be registered. In order to establish entitlements to the proposed final dividend, Shareholders must lodge the Share Transfer Documents for registration not later than 4:30 p.m. on Tuesday, 9 November 2021.

(3) The Share Transfer Documents shall be lodged for registration with Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

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 2021.

AUDIT AND RISK MANAGEMENT COMMITTEE

The annual results for the year ended 30 June 2021 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.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 30 June 2021, the Company has complied with the code provisions (the "Code Provisions") of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, except that there is no separation of the roles of chairman and chief executive as required under Code Provision A.2.1. However, the powers and authorities have not been concentrated as all major decisions have been made in consultation with the Board and appropriate Board committees, as well as top management. In addition, there are two Non-Executive Directors and eight Independent Non-Executive Directors on the Board offering their experience, expertise, independent advice and views from different perspectives. The Board is therefore of the view that there are adequate balance of power and safeguards in place.

ANNUAL REPORT

The 2020/21 annual report containing all the financial and other related information of the Company required by the Listing Rules will be published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.shkp.com, and printed copies will be sent to the Shareholders before the end of October 2021.

By order of the Board
YUNG Sheung-tat, Sandy
Company Secretary

Hong Kong, 9 September 2021

As at the date hereof, the Board comprises seven Executive Directors, being KWOK Ping-luen, Raymond (Chairman and Managing Director)(KWOK Ho-lai, Edward being his Alternate Director), WONG Chik-wing, Mike (Deputy Managing Director), LUI Ting, Victor (Deputy Managing Director), KWOK Kai-fai, Adam, KWOK Kai-wang, Christopher, TUNG Chi-ho, Eric and FUNG Yuk-lun, Allen; two Non-Executive Directors, being KWAN Cheuk-yin, William and KWOK Kai-chun, Geoffrey; and eight Independent Non-Executive Directors, being YIP Dicky Peter, WONG Yue-chim, Richard, LI Ka-cheung, Eric, FUNG Kwok-lun, William, LEUNG Nai-pang, Norman, LEUNG KO May-yee, Margaret, FAN Hung-ling, Henry and WU Xiang-dong.