WING TAI PROPERTIES LIMITED

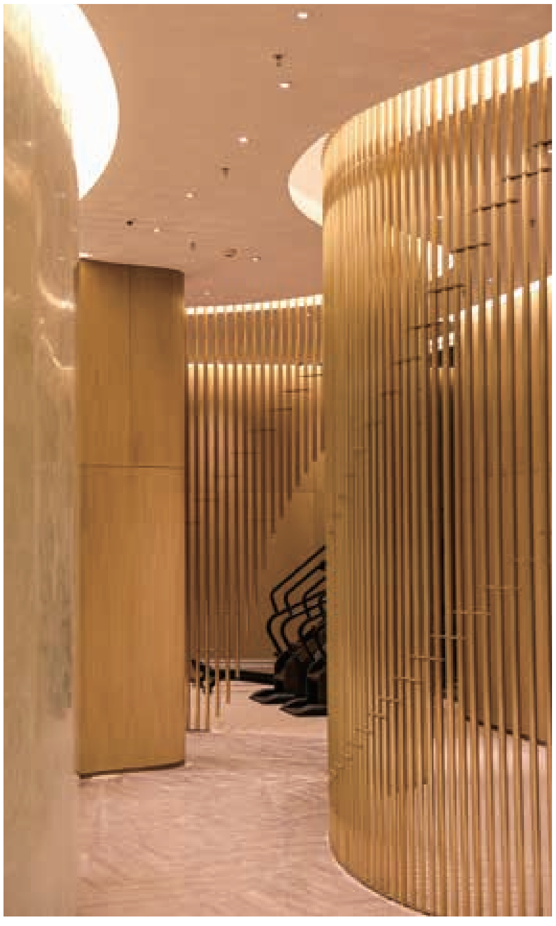
永泰地產有限公司

STOCK CODE 股份代號 369

WINGTAI ASIA
永泰亞洲

ANNUAL REPORT
年報 2021

OMA OMA, Tuen Mun, was completed in 2021.
屯門OMA OMA於2021年落成。



OMA OMA, Tuen Mun, was completed in 2021.
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Our brands,
Wing Tai Asia and Lanson Place,
are synonymous with quality
craftsmanship, a result of
the close alignment of values
and seamless cooperation of
our committed professional teams.

We strive to deliver sophisticated
yet warm homes that turn our
customers' dreams into reality.

WE DON'T JUST BUILD,
WE CRAFT.

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

CHENG Wai Chee, Christopher *GBS OBE JP*
(Chairman)
CHENG Wai Sun, Edward *GBS JP*
(Deputy Chairman and Chief Executive)
CHENG Man Piu, Francis
CHOW Wai Wai, John
NG Kar Wai, Kenneth

Non-Executive Directors

KWOK Ping Luen, Raymond *JP*
(KWOK Ho Lai, Edward as his alternate)
HONG Pak Cheung, William
NG Tak Wai, Frederick
CHEN Chou Mei Mei, Vivien

Independent Non-Executive Directors

Simon MURRAY *CBE*
YEUNG Kit Shing, Jackson
Haider Hatam Tyebjee BARMA *GBS CBE ISO JP*
CHENG Hoi Chuen, Vincent *GBS OBE JP*
LAM Kin Fung, Jeffrey *GBS JP*

AUDIT COMMITTEE MEMBERS

YEUNG Kit Shing, Jackson *(Chairman)*
HONG Pak Cheung, William
Haider Hatam Tyebjee BARMA *GBS CBE ISO JP*

REMUNERATION COMMITTEE MEMBERS

Simon MURRAY *CBE (Chairman)*
CHENG Wai Chee, Christopher *GBS OBE JP*
YEUNG Kit Shing, Jackson

NOMINATION COMMITTEE MEMBERS

CHENG Hoi Chuen, Vincent *GBS OBE JP (Chairman)*
CHENG Wai Chee, Christopher *GBS OBE JP*
CHENG Wai Sun, Edward *GBS JP*
YEUNG Kit Shing, Jackson
Haider Hatam Tyebjee BARMA *GBS CBE ISO JP*

COMPANY SECRETARY AND GROUP LEGAL COUNSEL

CHUNG Siu Wah, Henry

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISERS TO THE COMPANY

Slaughter and May *(as to Hong Kong Laws)*
Appleby *(as to Bermuda Laws)*

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited
Standard Chartered Bank (Hong Kong) Limited
DBS Bank Limited, Hong Kong Branch

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Ocorian Management (Bermuda) Limited
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

27th Floor, AIA Kowloon Tower
Landmark East
100 How Ming Street
Kwun Tong, Kowloon
Hong Kong

COMPANY WEBSITE

http://www.wingtaiproperties.com

HONG KONG STOCK EXCHANGE STOCK CODE

369

GROUP'S MAJOR INVESTMENTS

	Group's Effective Interest
Properties	
Property Development	
The Carmel	100%
OMA OMA	100%
OMA by the Sea	70%
H18C of Gage Street/Graham Street	50%
At the junction of Fan Kam Road and Castle Peak Road – Kwu Tung, Fanling (Fanling Lot No. 4076 in Demarcation District No. 91)	85%
Property Investment and Management	
Landmark East	100%
Shui Hing Centre	100%
Le Cap (certain units of houses and apartments)	100%
La Vetta (certain units of houses and apartments)	100%
1 Savile Row/7 Vigo Street, London	100%
8-12 (even) Brook Street, London	100%
35 Berkeley Square, London	100%
Central Park, Beijing (33 units)	100%
10 Fleet Place, London	25%
3 Cavendish Square, London	33%
30 Gresham Street, London	50%
66 Shoe Lane, London	21%
Hospitality Investment and Management	
Lanson Place Causeway Bay, Hong Kong	100%
Lanson Place Waterfront Suites, Hong Kong	100%
Lanson Place Bukit Ceylon, Kuala Lumpur	50%
Management Services	
Wing Tai Properties Development	100%
Lanson Place Hospitality Management	100%

FINANCIAL HIGHLIGHTS

	Year ended 31 December 2021 HK$'M	2020 HK$'M	% Change
Revenue	3,423.2	2,777.8	↑ 23%
Gross profit	1,339.6	1,000.1	↑ 34%
Change in fair value of investment properties and financial instruments	(452.3)	(1,214.9)	↑ 63%
Profit/(loss) before taxation	1,045.4	(555.1)	N/A
Profit/(loss) attributable to shareholders of the Company	854.4	(674.4)	N/A
Core consolidated profit attributable to shareholders, excluding one-off valuation gain and change in fair value on investment properties and financial instruments including joint ventures	683.0	456.0	↑ 50%
Earnings/(loss) per share attributable to shareholders of the Company			
Basic	HK$0.63	(HK$0.50)	N/A
Diluted	HK$0.63	(HK$0.50)	N/A
Dividends per ordinary share			
Interim	HK6.0 cents	HK6.0 cents	–
Final	HK21.0 cents	HK21.0 cents	–
Total	HK27.0 cents	HK27.0 cents	–

	At 31 December 2021 HK$'M	2020 HK$'M	% Change
Total assets	38,738.5	37,245.8	↑4%
Total equity	28,165.8	27,641.0	↑2%

FIVE YEARS FINANCIAL SUMMARY

The following is a summary of the results and of the assets and liabilities of the Group for each of the five years ended 31 December 2021:

RESULTS	Year ended 31 December 2021 HK$'M (Note a)	2020 HK$'M	2019 HK$'M (Note b)	2018 HK$'M (Note c)	2017 HK$'M
Revenue	3,423.2	2,777.8	829.5	884.7	1,064.3
Profit/(loss) before taxation	1,045.4	(555.1)	374.7	1,432.3	2,101.0
Taxation	(127.8)	(60.8)	(69.7)	(52.8)	(98.6)
Profit/(loss) for the year	917.6	(615.9)	305.0	1,379.5	2,002.4
Attributable to:					
Shareholders of the Company	854.4	(674.4)	238.9	1,312.4	1,981.9
Holders of perpetual capital securities	65.5	63.8	64.9	65.7	18.4
Non-controlling interests	(2.3)	(5.3)	1.2	1.4	2.1
	917.6	(615.9)	305.0	1,379.5	2,002.4

ASSETS AND LIABILITIES	At 31 December 2021 HK$'M	2020 HK$'M	2019 HK$'M	2018 HK$'M	2017 HK$'M
Total assets	38,738.5	37,245.8	36,322.8	35,427.7	35,496.1
Total liabilities	(10,572.7)	(9,604.8)	(7,699.3)	(6,705.8)	(7,686.2)
Perpetual capital securities	(1,513.4)	(1,513.3)	(1,513.7)	(1,513.9)	(1,514.5)
Non-controlling interests	0.5	(2.1)	(7.6)	(6.7)	(5.5)
Equity attributable to shareholders of the Company	26,652.9	26,125.6	27,102.2	27,201.3	26,289.9

Notes:

(a) The Group adopted Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 using retrospective approach with no material impact from adoption and the opening balance of retained earnings as at 1 January 2021 and that comparative had not been restated.

(b) The Group adopted HKFRS 16 using the modified retrospective approach with no material impact from adoption and the opening balance of retained earnings as at 1 January 2019 and that comparative had not been restated.

(c) The Group adopted HKFRS 9 and HKFRS 15 using the modified retrospective approach where the cumulative impact from adoption is recognised in the opening balance of retained earnings as at 1 January 2018 and that comparatives had not been restated.

CHAIRMAN'S STATEMENT

Dear Shareholders,

In spite of the overall tough operating environment amid COVID-19 pandemic, the Group managed to deliver improved operating results for 2021.

We reported a consolidated profit attributable to shareholders of HK$854 million for 2021, a turnaround from a HK$674 million loss last year, mainly due to the reduction in net fair value loss on investment properties and financial instruments. Earnings per share were HK$0.63. Excluding the net fair value loss, we achieved a core consolidated profit attributable to shareholders of HK$683 million, a 50% increase from $456 million last year, driven mainly by the booking of sales profit on the OMA OMA residential project upon the handover of our pre-sales units in the fourth quarter of 2021.

During the second half of 2021, with the easing of pandemic conditions and a still low interest rate environment, the Hong Kong residential primary sale market remained stable. Capturing the solid demand for premium mass housing, we continued to sell the remaining units of our "Upper Gold Coast" series. However, hit by the Omicron variant outbreak since January 2022, the residential market nearly came to a halt.

We are working diligently to obtain the Occupation Permit for OMA by the Sea residential project in coming months and to obtain the Certificate of Compliance in the fourth quarter. However, the timing of its issuance by the government may be hindered by the current pandemic situation. For the newly acquired medium-density residential site near Sheung Shui MTR, master planning and design work have commenced, adopting the same "Affordable Luxury" approach as our well-received "Upper Gold Coast" series.

The leasing market in Hong Kong and London continued to suffer from economic uncertainty and social distancing measures under the pandemic, although the market sentiment and number of viewings slightly improved in the final quarter of 2021. Our occupancy and rental rates continued to decline gradually, resulting in decreased leasing income in 2021. However, revaluation of our office properties stabilised in the second half of 2021, and as a result, total fair value loss on investment properties for 2021 reduced significantly from 2020.

Affected by the travel ban and quarantine measures under the pandemic, our hospitability operation was still in operating loss in 2021. Our Lanson Place hotel in Hong Kong joined the designated quarantine hotel program in late November 2021, that helped to improve the occupancy rate and revenue until January 2022, when the government imposed a travel ban on eight countries due to the Omicron variant surge.

Faced with these challenges and uncertainties, our management stayed focused and cautious while monitoring our business operation and cash flow. With a healthy financial position and cash flow, the Board of Directors has recommended a final dividend of HK21.0 cents. Together with the interim dividend of HK6.0 cents per share, the total dividends for 2021 will be HK27.0 cents per share, same as last year.

I would like to thank our employees, especially our frontline teams, for their dedication and professionalism in another challenging year. I would also like to express my gratitude to my fellow Board members, business partners and stakeholders as a whole for their confidence and support to the Group.

Cheng Wai Chee, Christopher
Chairman

Hong Kong, 24 March 2022

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 December 2021, the Group's revenue was HK$3,423 million, compared with HK$2,778 million in 2020. The increase was mainly due to more revenue recognised from first-time revenue recognition upon handover of pre-sold units of OMA OMA, as compared to The Carmel in 2020.

Consolidated profit for the year was HK$918 million, an increase of HK$1,534 million compared with loss of HK$616 million in 2020. The increase was mainly attributable to (i) HK$1,023 million decrease in fair value loss on investment properties and financial instruments including joint ventures (2021 loss was HK$301 million, 2020 loss was HK$1,324 million), (ii) HK$309 million higher profit from property development segment due to more profit recognised from OMA OMA than The Carmel, (iii) HK$279 million increase of one-off valuation gain from distribution in specie of the unsold units of La Vetta than Le Cap.

The 2021 net fair value loss on investment properties and financial instruments including joint ventures was HK$301 million amidst a sluggish leasing market under COVID-19. The loss from investment properties, mainly Landmark East, was HK$510 million. The gain from financial instruments, mainly interest rate swap contracts, was HK$209 million.

Consolidated profit attributable to shareholders was HK$854 million, an increase of HK$1,528 million compared with consolidated loss of HK$674 million in 2020.

Earnings per share attributable to shareholders was HK$0.63, compared with loss per share attributable to shareholders of HK$0.50 in 2020.

Core consolidated profit attributable to shareholders, excluding one-off valuation gain and change in fair value on investment properties and financial instruments including joint ventures, was HK$683 million, an increase of HK$227 million, mainly due to more property sales handed over to buyers, compared with HK$456 million in 2020.

Property Development

The property development segment revenue excluding inter-segment sales was HK$2,729 million in 2021, compared with HK$2,054 million in 2020. Segment profit before taxation (including fair value changes) was HK$1,068 million, compared with HK$279 million in 2020. Excluding fair value changes in investment properties and financial instruments including joint ventures (2021 gain was HK$84 million; 2020 loss was HK$58 million) and the one-off valuation gain (2021 was HK$472 million, 2020 was HK$193 million) from distribution in specie of unsold units of La Vetta and distribution in specie of unsold units of Le Cap in 2021 and 2020 respectively, segment profit before taxation was HK$512 million in 2021, compared with HK$144 million in 2020, as a result of more sold units of OMA OMA than The Carmel handed over to buyers during the year.

Wholly-owned projects

The Carmel, a low-density residential site in Siu Sau, Tai Lam, Tuen Mun, provides a saleable area of approximately 147,000 square feet for 178 residential units of apartment and house. In 2021, around 3% (in terms of number) of the residential units, mainly house units and special units, were sold. Cumulatively, as at 31 December 2021, all residential units were sold. Around 2% (in terms of number) was handed over to buyers with related revenue recognised in 2021.

OMA OMA, a medium-density residential site on So Kwun Wat Road, So Kwun Wat, Tuen Mun, provides a saleable area of approximately 234,000 square feet for 466 residential apartment units. Occupation permit and Certificate of Compliance was obtained in March and October 2021, respectively. In 2021, around 4% (in terms of number) of the residential units were sold. Cumulatively, as at 31 December 2021, around 90% (in terms of number) of the residential units were sold. Around 87% (in terms of number) of the residential units were handed over to buyers with related revenue recognised in 2021.

The Group has held Le Cap and La Vetta, Kau To, Shatin, low-density residential projects, for leasing after distributions of unsold units to shareholders in 2020 and 2021 respectively. The Group has approximately 36,000 square feet salable area for 16 residential units including houses and apartments, and 22 car parking spaces, at Le Cap. As at 31 December 2021, all residential units were leased. The Group has approximately 72,000 square feet saleable area for 34 residential units including houses and apartments, and 48 car parking spaces, at La Vetta. As at 31 December 2021, around 74% of the residential units (in terms of number) were leased.

Majority-owned projects

The Group has a 70% interest in OMA by the Sea, the site adjacent to The Carmel in Siu Sau, Tai Lam, Tuen Mun. This medium-density residential site has a saleable area of approximately 252,000 square feet for 517 residential apartment units. Superstructure work has commenced and the project is scheduled for completion in 2022. In 2021, around 15% (in terms of number) of the residential units were pre-sold. Cumulatively, as at 31 December 2021, around 89% (in terms of number) of the residential units were pre-sold. Related revenue and profit of the pre-sold units will be recognised upon handover to buyers prior to the project's material date that falls in 2022.

In June 2021, the Group won a government tender for a medium-density residential site located at the junction of Fan Kam Road and Castle Peak Road – Kwu Tung, Fanling, New Territories, for a consideration of HK$2.6 billion. The Group has a 85% interest and the site is in possession in July 2021. The site is adjacent to Fanling Golf Course and is within a 10-minute walk to Sheung Shui MTR station, with a gross floor area of approximately 284,170 square feet. The Group is the lead project manager, and lead sales and marketing manager for this project. Master planning and design work have commenced.

Joint venture project

The Group has a 50% interest in a commercial complex site in Central, through the tender for H18C of the Gage Street/Graham Street project as put up by the Urban Renewal Authority. Advantageously located in the heart of the bustling Central financial hub, the site provides a gross floor area of up to 433,500 square feet to be developed into a Grade A office tower, a hotel, retail shops, as well as public open space with green facilities for the neighbourhood. The Group is the lead project manager and lead leasing manager for this project. The foundation work for the project is in progress.

Property Investment and Management

The property investment and management segment revenue excluding inter-segment sales reduced to HK$570 million in 2021, compared with HK$614 million in 2020. Segment profit before taxation (including fair value changes) was HK$25 million, compared with loss of HK$595 million in 2020. Excluding fair value changes in investment properties and financial instruments, including joint ventures (2021 was fair value loss of HK$332 million; 2020 was fair value loss of HK$985 million), segment profit before taxation was HK$353 million, compared with HK$397 million in 2020. The decrease was mainly attributable to lower leasing income. The ongoing impact of COVID-19 has slowed down office space demand that softened office leasing market in Hong Kong and London.

As at 31 December 2021, the Group's portfolio of investment properties, mostly Grade A office buildings, has a total area of approximately 1,919,000 square feet with an aggregate attributable fair market valuation of around HK$19,900 million. The portfolio encompasses 1,525,000 square feet in Hong Kong, 328,000 square feet in London and 6,200 square metre in Beijing.

Wholly-owned properties in Hong Kong

Landmark East is the Group's flagship property located in Kowloon East. This property is a Grade A office complex comprising twin towers of 36 floors and 34 floors respectively with a total gross floor area of approximately 1,338,000 square feet and 454 car parking spaces. As at 31 December 2021, the property achieved an occupancy of approximately 85%.

Shui Hing Centre is an industrial building in Kowloon Bay, with a gross floor area of approximately 187,000 square feet. As at 31 December 2021, the property achieved an occupancy of approximately 87%. The building obtained the Town Planning Board approval for redevelopment in April 2021.

Wholly-owned properties in London, the United Kingdom

The commercial property located at Savile Row/Vigo Street, West End, has a net internal area of approximately 14,000 square feet of Grade A office and retail space.

The commercial property located on Brook Street, West End, offers easy access to the upcoming Bond Street Station of London Crossrail and has a net internal area of approximately 19,000 square feet of Grade A office and retail space.

The commercial property located at Berkeley Square, West End, has a net internal area of approximately 7,900 square feet of Grade A office space.

As at 31 December 2021, the above three wholly-owned properties achieved an average occupancy of approximately 95%.

Joint venture properties in London, the United Kingdom

The Group has a 25% interest in a commercial property located on Fleet Place, the City. The property has a net internal area of approximately 192,000 square feet of Grade A office and retail space.

The Group has a 33% interest in a commercial property located at Cavendish Square, West End. The property has a net internal area of approximately 13,000 square feet of Grade A office space.

The Group has a 50% interest in a commercial property located at 30 Gresham Street, City of London. The property has a net internal area of approximately 404,000 square feet of Grade A office, retail space and ancillary accommodation, with 48 car parking spaces.

In April 2021, the Group completed the acquisition of a 21% interest in 66 Shoe Lane, a Grade A office building in a prime business hub on the western edge of The City of London. The property has a net internal area of approximately 154,000 square feet of office and ancillary space and approximately 4,000 square feet of retail space. The office space is fully leased to a global Big Four accounting and professional services firm with tenors of 15 years (including rent-free periods) expiring on 28 September 2035.

As at 31 December 2021, the above four joint venture properties achieved an average occupancy of approximately 88%.

Wholly-owned property in Beijing, China

The Group has 33 residential units at Central Park, Beijing with a gross floor area of approximately 6,200 square metre. As at 31 December 2021, 91% of units (in terms of number) were leased.

Hospitality Investment and Management

The hospitality investment and management segment revenue was HK$69 million in 2021 compared with HK$62 million in 2020. Segment loss before taxation (including fair value changes) was HK$50 million in 2021 compared with segment loss of HK$234 million in 2020, mainly due to fair value changes in investment properties, including joint ventures (2021 was fair value loss of HK$28 million; 2020 was fair value loss of HK$202 million). Excluding fair value changes in investment properties, segment loss before taxation was HK$22 million in 2021, compared with loss of HK$32 million in 2020.

The wholly-owned Lanson Place Causeway Bay hotel in Hong Kong and 50% owned Lanson Place Bukit Ceylon in Kuala Lumpur has continually suffered from the pandemic, given travel restrictions and quarantine measures are still in place, resulted in low occupancy and average room rates in 2021. Lanson Place Causeway Bay hotel started designated quarantine hotel operation with effect from 28 November 2021.

Lanson Place Waterfront Suites, our wholly-owned prime harbour-front furnished residence in Sai Wan Ho, has been held for leasing. The occupancy remains stable during the pandemic.

Others

This segment represents investing activities and central management and administrative expenses. Segment revenue was HK$56 million in 2021, compared with HK$48 million in 2020.

Segment profit before taxation (including fair value changes) was HK$3 million in 2021 compared with a segment loss of HK$6 million in 2020, mainly due to fair value changes in financial instruments (2021 was fair value loss of HK$26 million; 2020 was fair value loss of HK$78 million). Fair value loss of HK$78 million in 2020 was mainly attributable to the fair value loss from the Group's investment in Singapore REITs, which are listed on the Singapore Exchange.

Excluding fair value changes in financial instruments, segment profit before taxation was HK$29 million in 2021, a decrease of HK$43 million compared with HK$72 million in 2020 due to a decrease in bank interest income during the year.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group's net assets totalled HK$28,166 million as at 31 December 2021 (2020: HK$27,641 million). The increase of HK$525 million is mainly resulted from the profit for the year of HK$918 million, offset by the distribution of the 2020 final dividend and 2021 interim dividend of HK$366 million and distribution to holders of perpetual capital securities of HK$65 million.

As at 31 December 2021, the Group's bank and other borrowings totalled HK$6,804 million (2020: HK$4,380 million). The maturity profile of the Group's bank and other borrowings is set out below:

	31 December 2021		31 December 2020	
	HK$ million	**%**	HK$ million	%
Repayable:				
Within one year	**3,458**	**51%**	726	17%
Between one and two years	**1,345**	**20%**	1,629	37%
Between two and five years	**1,755**	**26%**	2,008	46%
After five years	**246**	**3%**	17	0%
	6,804	**100%**	4,380	100%

As at 31 December 2021, the Group's net borrowings (total bank and other borrowings less bank balances and cash) were HK$5,339 million (2020: HK$3,190 million), representing 19.0% of the Group's net assets (2020: 11.5%). Interest for the Group's bank borrowings is mainly on a floating rate basis while interest for the Group's bonds is on a fixed rate basis. The Group will closely monitor the exposure to interest rate fluctuations and, if appropriate, hedge by interest rate swap contracts to the extent desirable.

The Group's bank balances and cash as well as unutilised revolving loan facilities are set out as follows:

	31 December 2021	31 December 2020
	HK$ million	HK$ million
Bank balances and cash	**1,465**	1,190
Unutilised revolving loan facilities	**2,582**	2,561
	4,047	3,751

Foreign Currencies

The Group principally operates in Hong Kong, and as a result, has immaterial exposure to exchange rate fluctuations. The Group conducts its business mainly in Hong Kong dollars, and to a lesser extent Renminbi, UK pounds, Singapore dollars and Malaysia Ringgits. For transactions in foreign currencies, the Group will closely monitor the exposure and, if appropriate, hedge by local currency financing and other financial instruments to the extent desirable. In particular, exposure to investments in foreign operations in the United Kingdom is substantially covered by local currency financing and forward exchange contracts.

Contingent Liabilities

As at 31 December 2021, the Group had contingent liabilities of HK$5,260 million (2020: HK$5,415 million) in respect of guarantees given by the Company for banking facilities granted to certain joint ventures. The guarantees were given severally and in proportion to the Group's equity interests in the joint ventures.

Pledge of Assets

As at 31 December 2021, the Group's advances to joint ventures of HK$2,890 million (2020: HK$2,892 million) were subordinated to the loan facilities of joint ventures and assigned. The shares in these joint ventures beneficially owned by the Group are pledged to the financial institutions.

As at 31 December 2021, several of the Group's investment properties, financial investments at amortised cost and other properties, plant and equipment with carrying values of HK$4,413 million, HK$153 million and HK$34 million respectively, were pledged to secure credit facilities for the Group.

PROSPECTS

The year 2022 opened in unpredictable circumstances, with Hong Kong facing a rapid worsening Omicron outbreak and the global economy rocked by the Russia/Ukraine crisis. The Hong Kong economy and property market will remain challenging in the near future until the spread of the Omicron variant is under control and the border with the Mainland is reopened.

The latest government budget has introduced various relief measures and economic stimulus initiatives for economic recovery, including a higher loan-to-value mortgage policy for first-time home buyers, which may help to stimulate the mass residential market. We will continue our sales of remaining units in OMA OMA and OMA by the Sea, and target to handover all pre-sales units of OMA by the Sea to buyers after the issuance of the Certificate of Compliance, expected in the fourth quarter. However, the timing of its issuance by the government may be affected by the current pandemic situation. Related revenue and profit will be recognised upon completion of the handover.

For Landmark East, we have completed most of the lease renewals due in 2022, and together with the new leases committed on hand, we expect a gradual recovery of the occupancy rate. However, rental rates will still be under pressure, given new office supply in Kowloon East. For our hotel operation, we expect a gradual improvement in operating results after the Omicron spread is contained and travel ban is eased.

With a resilient capital structure and balanced source of income from diversified asset portfolios, the Group will stay vigilant against market fluctuations while cautiously seeking strategic opportunities.

KEY RISKS AND UNCERTAINTIES

The Group's business, financial conditions or results of operations are affected by a number of key risks and uncertainties outlined below. There may be other risks or uncertainties, including those which are not known to the Group or which the Group currently deems to be immaterial but may affect the Group in future.

Business Risks

Property development

A majority of the Group's assets are located in, and a majority of the Group's revenue is derived from Hong Kong. As a result, the general state of Hong Kong and the property market, the interest rate changes and the political and legal situations in Hong Kong may have a significant impact on the Group's operating results and financial condition.

The Group's activities on its development properties are also subject to various laws and regulations of Hong Kong. Developing properties, refurbishment and other re-development projects require government permits. The government may introduce property cooling measures from time to time which may have a significant impact on the property market and may adversely affect the Group's property sales performance and financial condition.

Property investment and hospitality business

Financial performance may be materially and adversely affected in the event of a decline in rental or occupancy levels, or difficulties in securing lease renewals or obtaining new tenants. The Group cannot be assured that existing tenants will renew their leases upon expiration or that the Group will be able to find replacement tenants at rental rates equal to or above the current rental rates for tenancies.

CORPORATE SOCIAL RESPONSIBILITY

Employees

As at 31 December 2021, the Group had approximately 420 employees. The Group offers comprehensive remuneration and benefit packages to our employees, which are structured according to prevailing salary levels in the market, individual merit and performance. The Group has a mandatory provident fund scheme and an occupational retirement scheme to provide retirement benefits to all employees in Hong Kong.

Employees, including directors, are eligible for the Company's share option plan where the shares options are generally exercisable by phases within ten years.

Communities

The Group takes pride in being an outstanding member of the communities in which it operates. As such, the Group has introduced a number of initiatives under its Corporate Social Responsibility mission and shall continue to seek innovative and meaningful ways to engage its employees and associates in building stronger and more vibrant communities in which it operates.

The Group's 2021 activities covered the followings:

- Red Packet Collection for Re-use
- Dignity Mama Stall Children Books Program
- Heifer HK 20K Animal Virtual Run
- Donation to Tung Wah Chu Sau Cheung Nursing Home

Environment

The Group established the environmental policy addressing environmental issues. For details, please refer to Environmental, Social and Governance Report, which is available on the websites of the Company and the Hong Kong Exchanges and Clearing Limited together with the 2021 annual report.

Compliance with Laws and Regulations

The Group is committed to complying with all relevant rules and regulations issued by the Government of the Hong Kong Special Administrative Region in relation to construction of properties, sales of properties, property management and employees, etc. The Group also holds relevant required licences for the provision of hospitality services. Relevant employees are trained to any changes in the applicable laws, rules and regulations from time to time.

Relationship with Suppliers

The selection of major suppliers or contractors is conducted through tendering process in all the Group's segments. The Internal Audit Department of the Group regularly reviews the procurement and tendering procedures to ensure that the processes are conducted in an open and fair manner.

Relationship with Customers

For our residential development projects, the Group has comprehensive hand-over procedures to ensure delivery of quality products to our customers.

For our commercial and residential estate management and hospitality management, the Group obtains regular feedback from customers in order to enhance quality of services.

OTHERS

In respect of Code Provision A.1.2 of Corporate Governance Code under Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, discussion and analysis of the Group's performance during the year and corporate strategies are set out in "Chairman's Statement" on page 10 and "Management Discussion and Analysis" on pages 11 to 18.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

EXECUTIVE DIRECTORS

Dr. CHENG Wai Chee, Christopher *GBS OBE JP*, aged 73, has been the Chairman of the Company since 1991. Dr. Cheng is a member of the Remuneration Committee and Nomination Committee of the Company. He is also a director of certain members of the Group. Dr. Cheng is an independent non-executive director of The Hongkong and Shanghai Banking Corporation Limited. He holds a Doctorate in Social Sciences honoris causa from The University of Hong Kong and a Doctorate in Business Administration honoris causa by The Hong Kong Polytechnic University. Dr. Cheng graduated from the University of Notre Dame, Indiana with a BBA degree, and from Columbia University, New York with an MBA degree.

Dr. Cheng resigned as an independent non-executive director of NWS Holdings Limited with effect from 1 January 2022.

Dr. Cheng is a member of the Columbia Business School Board and a member of the President's Council on International Activities of Yale University.

Dr. Cheng is a brother of Mr. Cheng Wai Sun, Edward and Mr. Cheng Man Piu, Francis. He is a director of Wing Tai Corporation Limited, Renowned Development Limited, Wing Tai (Cheng) Holdings Limited and Brave Dragon Limited which are substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO").

Mr. CHENG Wai Sun, Edward *GBS JP*, aged 66, has been an executive director and Chief Executive since 1994 and Deputy Chairman of the Company since 2007. Mr. Cheng is a member of the Nomination Committee of the Company and a director of certain members of the Group. He is also an independent non-executive director of Standard Chartered Bank (Hong Kong) Limited. Mr. Cheng has a master's degree from Oxford University. He was qualified as a solicitor in England and Wales as well as in Hong Kong.

Mr. Cheng has many years of public service experience in urban renewal, housing, finance, corruption prevention, technology and education. He is a non-executive director of the Securities and Futures Commission, Chairman of the Council of The Hong Kong Academy for Performing Arts and a member of the Chief Executive's Council of Advisers on Innovation and Strategic Development. Mr. Cheng is a Justice of the Peace, and has been awarded the Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region (the "HKSAR").

Mr. Cheng is a brother of Dr. Cheng Wai Chee, Christopher and Mr. Cheng Man Piu, Francis.

Mr. CHENG Man Piu, Francis, aged 69, has been an executive director of the Company since 1991 and is also a director of two members of the Group. Mr. Cheng graduated from the University of Wisconsin with a Bachelor of Science degree in Industrial Engineering and an MBA degree. He is a director of The Federation of Hong Kong Garment Manufacturers and also a general committee member of The Chinese Manufacturers' Association of Hong Kong and Textile Council of Hong Kong.

Mr. Cheng is a brother of Dr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward. He is the Assistant Managing Director of Wing Tai Corporation Limited and a director of both Renowned Development Limited and Wing Tai (Cheng) Holdings Limited. The aforementioned companies are substantial shareholders of the Company within the meaning of Part XV of the SFO.

Mr. CHOW Wai Wai, John, aged 72, has been an executive director of the Company since 2007. He is the Managing Director of the Group's Property Investment and Management Division and a director of certain members of the Group. Mr. Chow graduated with a Bachelor of Arts (Economics) degree from the University of British Columbia. He is also a non-executive director of ARA Trust Management (Suntec) Limited (Manager of the Singapore listed Suntec Real Estate Investment Trust). Mr. Chow has over 40 years of experience in the property investment and management business.

Mr. Chow is a director of Farnham Group Limited ("Farnham"), Gala Land Investment Co. Limited ("Gala") and CKF Limited. Farnham, Gala and CKF Limited are substantial shareholders of the Company within the meaning of Part XV of the SFO.

Mr. NG Kar Wai, Kenneth, aged 66, has been an executive director of the Company since January 2015. He is the Chairman of the Environmental, Social and Governance Committee of the Company, the Managing Director of the Group's Property Division and a director of a number of members of the Group. Mr. Ng is a seasoned Chartered Civil Engineer with considerable expertise in the development and construction of a variety of properties, ranging from commercial and residential to hospitality developments, in Hong Kong, Mainland China and other Asian cities. Prior to joining the Company, Mr. Ng worked for various well-known property development and construction companies including Shangri-La Hotels and Resorts Group, CITIC Pacific Limited, Hsin Chong Construction Group and Swire Properties Limited.

A Registered Structural Engineer and Chartered Engineer, Mr. Ng is a member of the Hong Kong Institution of Engineers, Institution of Civil Engineers, UK and Institution of Structural Engineers, UK and an Adjunct Professor, Department of Real Estate and Construction, The University of Hong Kong.

NON-EXECUTIVE DIRECTORS

Mr. KWOK Ping Luen, Raymond *JP*, aged 68, has been a non-executive director of the Company since 1991. He is the Chairman and Managing Director of Sun Hung Kai Properties Limited ("SHKP") (a substantial shareholder of the Company within the meaning of Part XV of the SFO). 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 Hong Kong Metropolitan University 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.

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 the father of Mr. Kwok Ho Lai, Edward.

Mr. KWOK Ho Lai, Edward, aged 41, has been the alternate director to Mr. Kwok Ping Luen, Raymond ("Mr. Raymond Kwok") of the Company since April 2015. 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 fellow member of the Hong Kong Institute of Certified Public Accountants since September 2020 and being a fellow member of The Institute of Chartered Accountants in England and Wales since February 2020. Mr. Kwok is the alternate director to Mr. Raymond Kwok of SHKP and is a sales and project manager of SHKP group responsible for feasibility study, marketing and planning of new residential projects of SHKP group in Hong Kong. SHKP is a substantial shareholder of the Company within the meaning of Part XV of the SFO. Before joining SHKP group, Mr. Kwok worked in a major international audit firm. He is a son of Mr. Raymond Kwok.

Mr. HONG Pak Cheung, William, aged 67, has been a non-executive director of the Company since 2002. Mr. Hong is a member of the Audit Committee of the Company. He received a Bachelor of Science degree in Mathematics from the University of Saskatchewan in Canada and completed the Advanced Management Program at Harvard University Graduate School of Business. Mr. Hong currently holds the position of Manager at SHKP (a substantial shareholder of the Company within the meaning of Part XV of the SFO).

Mr. NG Tak Wai, Frederick, aged 64, acted as executive director from 1995 and was re-designated as a non-executive director of the Company in April 2011. He graduated from Georgetown University with a BSBA degree, and also graduated from Columbia University with an MBA degree. Mr. Ng held senior management positions in various garment manufacturing and distribution companies affiliated with the Wing Tai Group in Hong Kong. His background is in manufacturing operations and management information systems.

Mrs. CHEN Chou Mei Mei, Vivien, aged 72, has been a non-executive director of the Company since 2012, and joined the Group in 2007. She graduated with a Bachelor of Arts degree from the University of Colorado in the United States of America and has over 30 years' experience in investments, in particular, property related investments.

Mrs. Chen is a director of Farnham, Gala and WHCWTF Limited which are substantial shareholders of the Company within the meaning of Part XV of the SFO.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Simon MURRAY *CBE*, aged 81, has been an independent non-executive director of the Company since 1994. Mr. Murray is the Chairman of the Remuneration Committee of the Company.

Mr. Murray is a non-executive director of China LNG Group Limited, Greenheart Group Limited and an independent non-executive director of Spring Asset Management Limited, the manager of the listed Spring Real Estate Investment Trust, the first two companies are listed on the Hong Kong Stock Exchange.

Mr. Murray ceased to act as the Chairman of Advisory Board of General Enterprise Management Services Limited with effect from 26 October 2021.

Mr. Murray was an independent non-executive director of each of Hutchison Whampoa Limited and Cheung Kong Property Holdings Limited (now renamed as CK Asset Holdings Limited). He was also the Executive Chairman of Deutsche Bank AG Asia Pacific and a non-executive director of Compagnie Financière Richemont SA, a company listed on the Swiss stock exchange, and now serves on the latter's Advisory Board.

Mr. Murray was appointed a Commander of The Most Excellent Order of the British Empire (CBE) and a Chevalier within the Ordre national de Mérite of the French Republic (Chevalier de La Legion d'Honneur).

Mr. Murray holds an Honorary Degree in Law from Bath University and attended the Stanford Executive Program in the United States.

Mr. YEUNG Kit Shing, Jackson, aged 72, has been an independent non-executive director of the Company since 2004. He is the Chairman of the Audit Committee of the Company and a member of both the Remuneration Committee and the Nomination Committee of the Company. Mr. Yeung has over 35 years of experience in finance and accounting. He is a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Yeung holds a Master of Professional Accounting degree from The Hong Kong Polytechnic University.

Mr. Haider Hatam Tyebjee BARMA *GBS CBE ISO JP*, aged 78, has been an independent non-executive director of the Company since 2012 and joined the Group in 2007. He is a member of both the Nomination Committee and the Audit Committee of the Company. Mr. Barma graduated with a Bachelor of Arts degree from The University of Hong Kong and worked in the Hong Kong government for 30 years. After retiring from the civil service in 1996, he served as Chairman of the Public Service Commission from August 1996 to April 2005. Mr. Barma then served as Chief Executive Officer of the Hong Kong Research Institute of Textiles and Apparel from April 2006 to July 2012.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Mr. CHENG Hoi Chuen, Vincent *GBS OBE JP*, aged 73, has been an independent non-executive director and Chairman of the Nomination Committee of the Company since February 2013. He graduated with a Bachelor of Social Science degree in Economics from The Chinese University of Hong Kong and a Master's degree of Philosophy in Economics from The University of Auckland. Mr. Cheng is an independent non-executive director of Great Eagle Holdings Limited, Hui Xian Asset Management Limited (Manager of the publicly listed Hui Xian Real Estate Investment Trust), Shanghai Industrial Holdings Limited, CK Hutchison Holdings Limited and Airstar Bank Limited.

Mr. Cheng is the former chairman of The Hongkong and Shanghai Banking Corporation Limited and the former chairman of HSBC Bank (China) Limited.

Mr. Cheng was a member of the Executive Council, the Legislative Council of the Hong Kong government and Hong Kong Affairs Adviser to the People's Republic of China.

Mr. LAM Kin Fung, Jeffrey *GBS JP*, aged 70, has been an independent non-executive director of the Company since June 2018. He holds a bachelor degree in mechanical engineering from Tufts University in the United States and was conferred university fellow of Tufts University and The Hong Kong Polytechnic University. He has over 40 years of experience in toy industry and is currently the managing director of Forward Winsome Industries Limited which is engaged in toy manufacturing.

Mr. Lam is an independent non-executive director of each of C C Land Holdings Limited, China Overseas Grand Oceans Group Limited, CWT International Limited, Chow Tai Fook Jewellery Group Limited, i-CABLE Communications Limited and Wynn Macau, Limited, Analogue Holdings Limited and China Strategic Holdings Limited and also an executive director of Hong Kong Aerospace Technology Group Limited (all of these companies are listed companies in Hong Kong).

Mr. Lam is a member of the National Committee of the Chinese People's Political Consultative Conference. He is a member of the Legislative Council of the HKSAR, a non-official member of the Executive Council of the HKSAR, the Chairman of the Complaints Committee of the Independent Commission Against Corruption, a general committee member of the Hong Kong General Chamber of Commerce, a honorary member of the Court of The Hong Kong Polytechnic University, a director on the board of Heifer International Hong Kong Limited, and a director of the Hong Kong Mortgage Corporation Limited.

SENIOR MANAGEMENT

Ms. FUNG Ching Man, Janet, aged 59, joined the Group in 2007. She is the Chief Financial Officer of the Company, a member of the Environmental, Social and Governance Committee of the Company, and a director of a number of members of the Group. Ms. Fung is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia.

Mr. CHUNG Siu Wah, Henry, aged 67, joined the Group in 1993. He is the Group Legal Counsel and Company Secretary of the Company. He is a member of the Environmental, Social and Governance Committee of the Company and a director of a number of members of the Group. Mr. Chung holds a Master's Degree in Electronic Commerce and Internet Computing from The University of Hong Kong, a Bachelor's Degree in Laws from University of London, a Bachelor's Degree and a Master's Degree in Business Administration from The Chinese University of Hong Kong and a Bachelor's Degree in Laws from Tsinghua University. He is a Barrister, a Certified Accountant, a Chartered Secretary and a Chartered Governance Professional.

Mrs. LI Kan Fung Ling, Karen, aged 60, is the Executive Director of Lanson Place, the hospitality management arm of the Group. She is also the Director of Corporate Development and a director of a few members of the Group. Joining the Group in 1994, Mrs. Li has helped found Lanson Place. She has been responsible for the Group's corporate branding and hospitality projects ever since. She has 30 years of international experience in strategic planning and branding relating to luxurious residential and hotel projects. Mrs. Li previously helped Wharf Hotels Investment Limited (H.K.) and Hilton Hotels Corporation (Beverly Hills, U.S.A.) in setting up flagship projects. She holds a BBA degree with distinction in Hotels and Tourism Management from University of Hawaii and an MBA degree in Finance and International Business from George Washington University, Washington, D.C.

Mr. Michael Hamilton HOBSON, aged 65, joined Lanson Place Hospitality Management Limited ("LPHML"), the hospitality management arm of the Group, as the Chief Executive Officer in January 2019. He is also a director of LPHML.

Mr. Hobson has over 40 years of experience in the hospitality industry. Prior to joining the Group, he was the Chief Marketing/Commercial Officer of the Mandarin Oriental Group. Mr. Hobson holds an MBA degree in Marketing at the University of Leicester, United Kingdom.

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was, and as of the date of this report is, investment holding. Its principal subsidiaries are engaged in property development, property investment and management and hospitality investment and management. The Company and its subsidiaries are hereinafter collectively referred to as the Group.

The Group's joint ventures and associates are principally engaged in property investment, property development and hospitality investment.

Details of the Company's principal subsidiaries, the Group's principal joint ventures and associates at 31 December 2021 are set out in notes 43, 44 and 18(a) to the financial statements respectively.

BUSINESS REVIEW

A review of the business of the Group during the year, a discussion on the Group's future business development, principal risks and uncertainties that the Group may be facing and particulars of important events affecting the Group that have occurred since the end of the financial year are provided in the Chairman's Statement on page 10 and Management Discussion and Analysis on pages 11 to 18 of this annual report.

An analysis of the Group's performance during the year using financial key performance indicators is provided in the Financial Highlights on page 8 and Management Discussion and Analysis on pages 11 to 18 of this annual report.

Discussions on the Group's environmental policies and performance, an account of the Group's relationships with its key stakeholders that have a significant impact on the Group and on which the Group's success depends and compliance with the relevant laws and regulations which have a significant impact on the Group are also provided in the Management Discussion and Analysis on pages 11 to 18 of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2021 are set out in the consolidated income statement on page 61.

An interim dividend of HK6.0 cents (2020: HK6.0 cents) per share, amounting to a total of about HK$81.3 million, was paid to shareholders on 5 October 2021.

The Directors recommend the payment of a final dividend of HK21.0 cents per share for the year ended 31 December 2021 (2020: HK21.0 cents per share) to shareholders whose names appear on the register of members of the Company on 6 June 2022, which together with the interim dividend payment amounts to a total of approximately HK$366.1 million. Subject to the passing of the relevant resolution at the forthcoming annual general meeting, such dividend will be payable to shareholders on or around 23 June 2022.

SHARES ISSUED IN THE YEAR

Details of the shares issued during the year as the result of exercise of incentive share awards and share options are set out in notes 33 and 35 to the financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2021, calculated in accordance with the Companies Act 1981 of Bermuda amounted to HK$5,090 million (2020: HK$5,456 million).

PROPERTIES

Details of the properties held for development and/or sale and for investment purposes are set out on pages 148 to 150.

DONATIONS

During the year, the Group made charitable and other donations totaling HK$0.1 million.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors during the year were, and as of the date of this report are, as follows:

Executive Directors:

Cheng Wai Chee, Christopher *GBS OBE JP (Chairman)*
Cheng Wai Sun, Edward *GBS JP (Deputy Chairman and Chief Executive)*
Cheng Man Piu, Francis
Chow Wai Wai, John
Ng Kar Wai, Kenneth

Non-Executive Directors:

Kwok Ping Luen, Raymond *JP (Kwok Ho Lai, Edward as his alternate)*
Hong Pak Cheung, William
Ng Tak Wai, Frederick
Chen Chou Mei Mei, Vivien

Independent Non-Executive Directors:

Simon Murray *CBE*
Yeung Kit Shing, Jackson
Haider Hatam Tyebjee Barma *GBS CBE ISO JP*
Cheng Hoi Chuen, Vincent *GBS OBE JP*
Lam Kin Fung, Jeffrey *GBS JP*

In accordance with Bye-law 100(A) of the Company's Bye-laws and/or code provision B.2.2 of Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), Cheng Wai Sun, Edward, Cheng Man Piu, Francis, Haider Hatam Tyebjee Barma, Cheng Hoi Chuen, Vincent and Lam Kin Fung, Jeffrey will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

None of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract 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 written confirmation from all independent non-executive Directors regarding their independence as required under Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors to be independent.

PERMITTED INDEMNITY

A permitted indemnity provision (as defined in section 467 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) for the benefit of the directors of the Group is currently in force and was in force during the year.

A Directors and Officers Liability Insurance Policy against potential costs and liabilities arising from claims brought against the directors of the Group is in place.

PUBLIC FLOAT

As at the latest practical date prior to the issue of this annual report, the Company maintained the prescribed public float under the Listing Rules on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company.

DIRECTORS' AND THE CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2021, the interests of the Directors and the Chief Executive of the Company in shares and underlying shares of the Company as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules are as follows:

Interests in the Company

	Number of shares/underlying shares held						
Director	Personal interests	Family interests	Corporate interests	Other interests	Number of underlying shares held under equity derivatives *(Note f)*	Aggregate interests	Approx. percentage of the issued share capital *(Note a)*
Cheng Wai Chee, Christopher	14,066,066	–	–	462,488,185 *(Note b)*	4,165,500	480,719,751	35.48%
Cheng Wai Sun, Edward	11,998,731	–	–	462,488,185 *(Note b)*	4,165,500	478,652,416	35.33%
Cheng Man Piu, Francis	–	–	–	462,488,185 *(Note b)*	–	462,488,185	34.14%
Chow Wai Wai, John	5,941,076	–	–	–	770,000	6,711,076	0.50%
Ng Kar Wai, Kenneth	1,391,250	–	–	–	1,338,750	2,730,000	0.20%
Kwok Ping Luen, Raymond	–	–	–	9,224,566 *(Note c)*	–	9,224,566	0.68%
Kwok Ho Lai, Edward (Alternate Director to Kwok Ping Luen, Raymond)	–	–	–	9,736,566 *(Note d)*	–	9,736,566	0.72%
Ng Tak Wai, Frederick	278,391	1,016,000	–	313,666 *(Note e)*	–	1,608,057	0.12%
Chen Chou Mei Mei, Vivien	157,478	–	–	–	–	157,478	0.01%

Notes:

(a) The total number of issued shares in the capital of the Company (the "Shares") as at 31 December 2021 was 1,354,742,279.

(b) Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward and Cheng Man Piu, Francis, being beneficiaries of a family trust, were deemed to be interested in 462,488,185 Shares beneficially owned by Brave Dragon Limited, Wing Tai Retail Pte. Ltd. and Crossbrook Group Limited as set out under the section headed Substantial Shareholders' Interests below. The same represented the same interests and was therefore duplicated amongst these three directors for the purpose of Part XV of the SFO.

(c) Kwok Ping Luen, Raymond was deemed to be interested in 9,224,566 Shares by virtue of being a beneficiary of a trust for the purpose of Part XV of the SFO. As this trust is one of the discretionary trusts, referred to in Note (d) below, these 9,224,566 Shares represented the same interests and were therefore duplicated between Kwok Ping Luen, Raymond and Kwok Ho Lai, Edward for the purpose of Part XV of the SFO.

(d) Kwok Ho Lai, Edward was deemed to be interested in 9,736,566 Shares by virtue of being a beneficiary of certain discretionary trusts for the purpose of Part XV of the SFO.

(e) 313,666 Shares were held by Ng Tak Wai, Frederick jointly with his spouse.

(f) These interests represented the interests in underlying Shares in respect of the share options and incentive shares granted by the Company to these directors. Details of which are set out in the sections below headed Equity-Linked Agreements.

Save as disclosed herein, as at 31 December 2021, none of the Directors or the Chief Executive of the Company had or was deemed to have any interest or short position in the Shares and underlying Shares as recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

EQUITY-LINKED AGREEMENTS

Details of the equity-linked agreements entered into during the year or subsisting as at 31 December 2021 are set out below:

Share Option Plan

Under the Share Option Plan of the Company adopted by the shareholders of the Company on 27 October 2015 ("Share Option Plan"), the Board of Directors of the Company (the "Board") or a duly authorised committee thereof may, in its absolute discretion, grant options to directors, employees, officers, consultants, former directors, former employees, former officers or former consultants of any members of the Group (the "Eligible Persons") to subscribe for the Shares. The purpose of the Share Option Plan is to enable the Company to grant share options to incentivise and retain such Eligible Persons.

Outstanding Share Options

Details of the share options granted and summary of movements of the outstanding share options for the year ended 31 December 2021 under the Share Option Plan are as follows:

	Date of grant	Exercise price per share option *(HK$)*	Closing price of Shares immediately before the date of grant *(HK$)*	Exercise period	Number of share options: As at 1.1.2021	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	As at 31.12.2021	Weighted average closing price of the Shares immediately before the date on which the options were exercised *(HK$)*
Director										
Cheng Wai Chee, Christopher	27.3.2018	6.10	6.10	22.1.2020 to 26.3.2028	222,500	–	–	–	222,500	N/A
	27.3.2018	6.10	6.10	22.1.2021 to 26.3.2028	445,000	–	–	–	445,000	N/A
	23.1.2019	5.766	5.78	23.1.2020 to 22.1.2029	250,000	–	–	–	250,000	N/A
	23.1.2019	5.766	5.78	23.1.2021 to 22.1.2029	250,000	–	–	–	250,000	N/A
	23.1.2019	5.766	5.78	23.1.2022 to 22.1.2029	500,000	–	–	–	500,000	N/A
	17.1.2020	5.17	5.17	17.1.2021 to 16.1.2030	269,250	–	–	–	269,250	N/A
	17.1.2020	5.17	5.17	17.1.2022 to 16.1.2030	269,250	–	–	–	269,250	N/A
	17.1.2020	5.17	5.17	17.1.2023 to 16.1.2030	538,500	–	–	–	538,500	N/A
	19.1.2021	3.69	3.67	19.1.2022 to 18.1.2031	–	355,250	–	–	355,250	N/A
	19.1.2021	3.69	3.67	19.1.2023 to 18.1.2031	–	355,250	–	–	355,250	N/A
	19.1.2021	3.69	3.67	19.1.2024 to 18.1.2031	–	710,500	–	–	710,500	N/A

	Date of grant	Exercise price per share option (HK$)	Closing price of Shares immediately before the date of grant (HK$)	Exercise period	Number of share options					Weighted average closing price of the Shares immediately before the date on which the options were exercised (HK$)
					As at 1.1.2021	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	As at 31.12.2021	
Cheng Wai Sun, Edward	27.3.2018	6.10	6.10	22.1.2020 to 26.3.2028	222,500	–	–	–	222,500	N/A
	27.3.2018	6.10	6.10	22.1.2021 to 26.3.2028	445,000	–	–	–	445,000	N/A
	23.1.2019	5.766	5.78	23.1.2020 to 22.1.2029	250,000	–	–	–	250,000	N/A
	23.1.2019	5.766	5.78	23.1.2021 to 22.1.2029	250,000	–	–	–	250,000	N/A
	23.1.2019	5.766	5.78	23.1.2022 to 22.1.2029	500,000	–	–	–	500,000	N/A
	17.1.2020	5.17	5.17	17.1.2021 to 16.1.2030	269,250	–	–	–	269,250	N/A
	17.1.2020	5.17	5.17	17.1.2022 to 16.1.2030	269,250	–	–	–	269,250	N/A
	17.1.2020	5.17	5.17	17.1.2023 to 16.1.2030	538,500	–	–	–	538,500	N/A
	19.1.2021	3.69	3.67	19.1.2022 to 18.1.2031	–	355,250	–	–	355,250	N/A
	19.1.2021	3.69	3.67	19.1.2023 to 18.1.2031	–	355,250	–	–	355,250	N/A
	19.1.2021	3.69	3.67	19.1.2024 to 18.1.2031	–	710,500	–	–	710,500	N/A
Chow Wai Wai, John	27.3.2018	6.10	6.10	22.1.2020 to 26.3.2028	40,000	–	–	–	40,000	N/A
	27.3.2018	6.10	6.10	22.1.2021 to 26.3.2028	80,000	–	–	–	80,000	N/A
	23.1.2019	5.766	5.78	23.1.2020 to 22.1.2029	44,250	–	–	–	44,250	N/A
	23.1.2019	5.766	5.78	23.1.2021 to 22.1.2029	44,250	–	–	–	44,250	N/A
	23.1.2019	5.766	5.78	23.1.2022 to 22.1.2029	88,500	–	–	–	88,500	N/A
	17.1.2020	5.17	5.17	17.1.2021 to 16.1.2030	51,500	–	–	–	51,500	N/A
	17.1.2020	5.17	5.17	17.1.2022 to 16.1.2030	51,500	–	–	–	51,500	N/A
	17.1.2020	5.17	5.17	17.1.2023 to 16.1.2030	103,000	–	–	–	103,000	N/A
	19.1.2021	3.69	3.67	19.1.2022 to 18.1.2031	–	66,750	–	–	66,750	N/A
	19.1.2021	3.69	3.67	19.1.2023 to 18.1.2031	–	66,750	–	–	66,750	N/A
	19.1.2021	3.69	3.67	19.1.2024 to 18.1.2031	–	133,500	–	–	133,500	N/A

	Date of grant	Exercise price per share option *(HK$)*	Closing price of Shares immediately before the date of grant *(HK$)*	Exercise period	Number of share options					Weighted average closing price of the Shares immediately before the date on which the options were exercised *(HK$)*
					As at 1.1.2021	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	As at 31.12.2021	
Ng Kar Wai, Kenneth	27.3.2018	6.10	6.10	22.1.2020 to 26.3.2028	10,250	–	–	–	10,250	N/A
	27.3.2018	6.10	6.10	22.1.2021 to 26.3.2028	20,500	–	–	–	20,500	N/A
	23.1.2019	5.766	5.78	23.1.2020 to 22.1.2029	95,500	–	–	–	95,500	N/A
	23.1.2019	5.766	5.78	23.1.2021 to 22.1.2029	95,500	–	–	–	95,500	N/A
	23.1.2019	5.766	5.78	23.1.2022 to 22.1.2029	191,000	–	–	–	191,000	N/A
	17.1.2020	5.17	5.17	17.1.2021 to 16.1.2030	97,500	–	–	–	97,500	N/A
	17.1.2020	5.17	5.17	17.1.2022 to 16.1.2030	97,500	–	–	–	97,500	N/A
	17.1.2020	5.17	5.17	17.1.2023 to 16.1.2030	195,000	–	–	–	195,000	N/A
	19.1.2021	3.69	3.67	19.1.2022 to 18.1.2031	–	134,000	–	–	134,000	N/A
	19.1.2021	3.69	3.67	19.1.2023 to 18.1.2031	–	134,000	–	–	134,000	N/A
	19.1.2021	3.69	3.67	19.1.2024 to 18.1.2031	–	268,000	–	–	268,000	N/A
Employees										
Employees in aggregate	27.3.2018	6.10	6.10	22.1.2020 to 26.3.2028	201,000	–	–	–	201,000	N/A
	27.3.2018	6.10	6.10	22.1.2021 to 26.3.2028	402,000	–	–	–	402,000	N/A
	23.1.2019	5.766	5.78	23.1.2020 to 22.1.2029	233,750	–	–	–	233,750	N/A
	23.1.2019	5.766	5.78	23.1.2021 to 22.1.2029	233,750	–	–	–	233,750	N/A
	23.1.2019	5.766	5.78	23.1.2022 to 22.1.2029	467,500	–	–	–	467,500	N/A
	17.1.2020	5.17	5.17	17.1.2021 to 16.1.2030	230,500	–	–	–	230,500	N/A
	17.1.2020	5.17	5.17	17.1.2022 to 16.1.2030	230,500	–	–	–	230,500	N/A
	17.1.2020	5.17	5.17	17.1.2023 to 16.1.2030	461,000	–	–	–	461,000	N/A
	19.1.2021	3.69	3.67	19.1.2022 to 18.1.2031	–	317,750	–	–	317,750	N/A
	19.1.2021	3.69	3.67	19.1.2023 to 18.1.2031	–	317,750	–	–	317,750	N/A
	19.1.2021	3.69	3.67	19.1.2024 to 18.1.2031	–	635,500	–	–	635,500	N/A
					9,254,750	4,916,000	–	–	14,170,750	

Note: The Company will provide subscription money to the share option holders in the event that they exercise their share options when the market price of the Shares is equal to or higher than the exercise price of share options concerned.

Further details of Share Option Plan are set out in note 35 to the financial statements.

Share Incentive Scheme

Under the Share Incentive Scheme approved by shareholders of the Company on 17 June 2005 ("Share Incentive Scheme"), the Board or a duly authorised committee thereof may, in its absolute discretion, make offer of awards to selected employees (including executive directors) of the Group to subscribe in cash at par value for the Shares.

The Share Incentive Scheme expired on 16 June 2015 and no further incentive shares can be granted thereafter under the Share Incentive Scheme but the provisions of the Share Incentive Scheme remain in full force and effect in all other respects in relation to the incentive shares granted. All outstanding incentive shares granted which are yet to be vested or exercised shall remain valid.

Outstanding Incentive Shares

Details of the incentive shares granted and summary of the movements of the outstanding incentive shares for the year ended 31 December 2021 under the Share Incentive Scheme are as follows:

		Number of incentive shares						
	Date of award	As at 1.1.2021	Awards made during the year	Vested and exercised during the year	Cancelled/ lapsed during the year	As at 31.12.2021	Vesting date of the outstanding awards	Exercisable period
Director								
Ng Kar Wai, Kenneth	15.6.2015	212,000	–	212,000	–	–	N/A	N/A
		212,000	–	212,000	–	–		

Note: Subscription price per Share is the par value of the Share. Funds for subscription of Shares will be provided by the Company when the right to subscribe for Shares is exercised.

Further details of Share Incentive Scheme are set out in note 35 to the financial statements.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement that may enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2021, the following persons (other than the Directors and the Chief Executive of the Company) had interests in the Shares as recorded in the register kept by the Company under section 336 of the SFO or as otherwise notified to the Company:

	Name of Shareholder	Capacity	Number of Shares interested	Approx. percentage of the issued share capital *(Note 1)*
1.	Brave Dragon Limited	Beneficial owner	141,794,482	10.47%
2.	Crossbrook Group Limited	Beneficial owner	270,411,036	19.96%
3.	Wing Tai Holdings Limited	Interest of controlled corporation	462,488,185 *(Notes 2(a) & 3)*	34.14%
4.	Butterfield Trust (Guernsey) Limited (formerly Butterfield Fiduciary Services (Guernsey) Limited)	Trustee	462,488,185 *(Notes 2(b) & 4)*	34.14%
5.	Butterfield Fiduciary Services (Cayman) Limited (formerly Deutsche Bank International Trust Co. (Cayman) Limited)	Trustee	462,488,185 *(Notes 2(b) & 4)*	34.14%
6.	Wing Tai Corporation Limited	Interest of controlled corporation	182,560,826 *(Note 5)*	13.48%
7.	Renowned Development Limited	Interest of controlled corporation	182,560,826 *(Notes 2(c) & 5)*	13.48%
8.	Wing Tai (Cheng) Holdings Limited	Interest of controlled corporation	199,884,783 *(Notes 2(c) & 6)*	14.75%
9.	Sun Hung Kai Properties Limited	Interest of controlled corporation	183,612,533 *(Note 7)*	13.55%
10.	HSBC Trustee (C.I.) Limited	Trustee	183,612,533 *(Notes 2(d) & 8)*	13.55%
11.	Gala Land Investment Co. Limited	Beneficial owner	101,579,467	7.50%
12.	Farnham Group Limited	Interest of controlled corporation	101,579,467 *(Notes 2(e) & 9)*	7.50%
13.	WHCWTF Limited	Interest of controlled corporation	101,579,467 *(Notes 2(e) & 10)*	7.50%
14.	CKF Limited	Interest of controlled corporation	101,579,467 *(Notes 2(e) & 11)*	7.50%

Notes:

1 The total number of issued Shares as at 31 December 2021 was 1,354,742,279.

2 The interests disclosed duplicated in the following manners and to the following extent:

(a) the interests of parties 1 and 2 were included in the interests of party 3.

(b) the interests of party 3 duplicated with the interests of parties 4 and 5 entirely.

(c) the interests of party 6 duplicated with the interests of party 7 entirely and were included in the interests of party 8.

(d) the interests of party 9 duplicated with the interests of party 10 entirely.

(e) the interests of party 11 duplicated with the interests of parties 12, 13 and 14 entirely.

3 Wing Tai Holdings Limited beneficially owned 89.4% of the issued share capital of Brave Dragon Limited, 100% of the issued share capital of Crossbrook Group Limited and 100% of the issued shares capital of Wing Tai Retail Pte. Ltd. Wing Tai Retail Pte. Ltd. owned 50,282,667 Shares.

4 The Company was notified that Butterfield Fiduciary Services (Guernsey) Limited has been known as Butterfield Trust (Guernsey) Limited ("Butterfield Guernsey") since completion of an amalgamation of certain companies within Butterfield Group on 25 October 2021. Butterfield Guernsey was the trustee of a family trust (of which Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward and Cheng Man Piu, Francis were beneficiaries) which held all units of a unit trust ("Unit Trust").

The Company was notified that Deutsche Bank International Trust Co. (Cayman) Limited changed its name to Butterfield Fiduciary Services (Cayman) Limited ("Butterfield Cayman") with effect from 6 April 2018. Butterfield Cayman was the trustee of the Unit Trust and was deemed to be interested in 462,488,185 Shares (Such deemed interest arose by virtue of the fact that Butterfield Cayman was interested indirectly through subsidiaries in more than one-third of the issued share capital of Wing Tai Holdings Limited which was interested in 462,488,185 Shares).

5 Wing Tai Corporation Limited beneficially owned 100% of the issued share capital of Bestime Resources Limited ("Bestime") and Pofung Investments Limited ("Pofung") and, therefore, by virtue of its corporate interest in Bestime and Pofung, Wing Tai Corporation Limited was deemed to be interested in 93,629,998 Shares and 88,930,828 Shares held by Bestime and Pofung respectively.

By virtue of the corporate interest of Renowned Development Limited in Wing Tai Corporation Limited, the former was deemed to be interested in the latter's interest in the Shares.

6 By virtue of the corporate interest of Wing Tai (Cheng) Holdings Limited in Renowned Development Limited and Broxbourne Assets Limited, Wing Tai (Cheng) Holdings Limited was deemed to be interested in the interest of Renowned Development Limited and Broxbourne Assets Limited in the Shares. Broxbourne Assets Limited beneficially owned 17,323,957 Shares.

7 Sun Hung Kai Properties Limited ("SHKP") beneficially owned 100% of the issued share capital of Wesmore Limited ("Wesmore"), Fourseas Investments Limited ("Fourseas"), Mondale Holdings Limited ("Mondale"), Victory Zone Holdings Limited ("Victory Zone") and Country World Limited ("Country World"). Wesmore was the beneficial owner of 111,928,210 Shares.

Fourseas beneficially owned 100% of the issued share capital of Soundworld Limited ("Soundworld"), Units Key Limited ("Units Key") and Triple Surge Limited ("Triple Surge"). Soundworld, Units Key and Triple Surge were the beneficial owners of 20,869,323, 5,673,333 and 37,680,000 Shares respectively.

Mondale beneficially owned 100% of the issued share capital of Junwall Holdings Ltd. ("Junwall"), which in turn beneficially owned 100% of the issued share capital of Techglory Ltd. ("Techglory"). Techglory was the beneficial owner of 192,000 Shares.

Victory Zone beneficially owned 100% of the issued share capital of Charmview International Ltd. ("Charmview"). Charmview was the beneficial owner of 7,141,600 Shares.

Country World beneficially owned 100% of the issued share capital of Erax Strong Development Ltd. ("Erax Strong"). Erax Strong was the beneficial owner of 128,067 Shares.

By virtue of the corporate interest of SHKP in the aforesaid companies, SHKP was deemed to be interested in the interests of Wesmore, Soundworld, Units Key, Triple Surge, Techglory, Charmview and Erax Strong in the Shares.

8 HSBC Trustee (C.I.) Limited, as the trustee of certain discretionary trusts, was deemed to be interested in more than one-third of the total issued shares of SHKP. By virtue of its deemed interest in SHKP, it was deemed to be interested in 183,612,533 Shares.

9 Farnham Group Limited ("Farnham") beneficially owned 100% of the issued share capital of Gala Land Investment Co. Limited ("Gala") and, therefore, Farnham was deemed to be interested in 101,579,467 Shares held by Gala by virtue of its corporate interest therein.

10 WHCWTF Limited ("WHCWTF") beneficially owned 50% of the issued share capital of Farnham and, therefore, WHCWTF was deemed to be interested in 101,579,467 Shares held by Gala by virtue of its corporate interest therein via Farnham.

11 CKF Limited ("CKF") beneficially owned 50% of the issued share capital of Farnham and, therefore, CKF was deemed to be interested in 101,579,467 Shares held by Gala by virtue of its corporate interest therein via Farnham.

Save as disclosed above, as at 31 December 2021, the Company had not been notified of any interests or short positions held by any substantial shareholder in the Shares or underlying Shares which are required to be recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

INTERESTS OF ANY OTHER PERSONS

As at 31 December 2021, the Company had not been notified of any persons other than the substantial shareholders who had interests or short positions in the Share or underlying Share, which are required to be recorded in the register required to be kept under section 336 of the SFO.

DIRECTORS' AND CONTROLLING SHAREHOLDER'S MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

On 23 April 2008, a contract entered into between the Company, Wing Tai Malaysia Sdn Bhd (formerly Wing Tai Malaysia Berhad) ("WTMSB") and Kualiti Gold Sdn Bhd (the "JV Company") relating to the formation of the JV Company for the purpose of acquiring a building in Kuala Lumpur (the "Development"), fitting out and operating the Development as serviced apartments.

Each of Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward and Cheng Man Piu, Francis has an indirect interest in the issued share capital of WTMSB and the JV Company.

WTMSB is a subsidiary of Wing Tai Holdings Limited ("WTHL"), the controlling shareholder of the Company (as defined in the Listing Rules).

Save as disclosed above, there was no transaction, arrangement or contract to which the Company or any of its subsidiaries was a party and in which a Director or the controlling shareholder of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

The interests of Directors in competing businesses required to be disclosed pursuant to Rule 8.10 of the Listing Rules are as follows:

Kwok Ping Luen, Raymond is a director of SHKP and Kwok Ho Lai, Edward is the alternate director to Kwok Ping Luen, Raymond of SHKP. Businesses of SHKP consist of (i) property developments, investments and management, and (ii) hotel operations. Also, Kwok Ping Luen, Raymond and Kwok Ho Lai, Edward are the beneficiaries of certain discretionary trusts which maintain certain interests in businesses consisting of property developments and investments, and hotel operations. Only in these respects they are regarded as interested in the relevant business competing with the Group.

Kwok Ping Luen, Raymond is also a director of Transport International Holdings Limited ("TIH"). Businesses of TIH consist of property holdings and developments. Only in these respects he is regarded as interested in the relevant business competing with the Group.

Other than certain interests in businesses maintained by the discretionary trusts, the aforesaid competing businesses, in which Kwok Ping Luen, Raymond and Kwok Ho Lai, Edward are regarded as interested, are managed by separate public listed companies with independent management and administration. In this respect, coupled with the diligence of the Company's independent non-executive directors and the Audit Committee of the Company, the Group is capable of carrying on its business independently of, and at arm's length from, the said competing businesses.

CONNECTED TRANSACTIONS

Set out below is information in relation to connected transactions which were disclosed in the Company's announcements and are required under Chapter 14A of the Listing Rules to be included in this annual report:

1. Continuing Connected Transactions

(i) The following agreements (the "2009 Operating Agreement and 2009 Licence Agreement") were entered into on 8 January 2009:

(a) an operating agreement between Lanson Place Hospitality Management (Malaysia) Limited ("LP Malaysia") with Kualiti Gold Sdn Bhd ("Kualiti Gold") whereby LP Malaysia has agreed to provide serviced apartment management consulting services to Kualiti Gold in relation to a serviced apartment block in Malaysia (the "Development"); and

(b) a licence agreement between Lanson Place Hotels & Residences (Bermuda) Limited ("LP Bermuda") with Kualiti Gold whereby LP Bermuda has agreed to grant to Kualiti Gold the rights to use certain trademarks and tradenames in relation to the Development (such agreement was novated by LP Bermuda (in exercise of its right thereunder) to Lanson Place Hotels & Residences Limited ("LP Hong Kong")).

Each of the 2009 Operating Agreement and 2009 Licence Agreement is for a term of 10 years commencing from the date of opening of the Development which occurred in August 2013.

(ii) The following agreements (the "2019 Operating Agreement and 2019 Licence Agreement") were entered into on 7 January 2019:

(a) an operating agreement between Lanson Place Hospitality Management (Singapore) Pte Limited ("LP Singapore") and Winshine Investment Pte Ltd ("Winshine") for the provision of serviced suites management services by LP Singapore to Winshine; and

(b) a licence agreement between LP Bermuda and Winshine for the grant of the right by LP Bermuda to Winshine to use certain trademarks and tradenames in relation to the serviced suites located in Singapore (such agreement was novated by LP Bermuda (in exercise of its right thereunder) to LP Hong Kong).

Each of the 2019 Operating Agreement and 2019 Licence Agreement is for a term of 3 years.

Each of LP Malaysia, LP Bermuda, LP Hong Kong and LP Singapore (collectively the "LP Group Companies") is a wholly-owned subsidiary of the Company.

Each of Kualiti Gold and Winshine (collectively the "WT Associates") is an associate (as defined in the Listing Rules") of Wing Tai Holdings Limited ("WTHL").

WTHL is a substantial shareholder of the Company and also an associate of Messrs. Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward and Cheng Man Piu, Francis (who are Directors) under Chapter 14A of the Listing Rules as WTHL is a 30%-controlled company held indirectly by the trustee of a trust of which these Directors are beneficiaries. Therefore, the transactions with the relevant WT Associates under the 2009 Operating Agreement and 2009 Licence Agreement and 2019 Operating Agreement and 2019 Licence Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The total fees of HK$0.6 million received by the LP Group Companies under the 2009 Operating Agreement and 2009 Licence Agreement for the year ended 31 December 2021 is within the annual cap of HK$10.7 million for 2021 as set out in the Company's announcement dated 8 January 2009.

The total fees of HK$2.4 million received by the LP Group Companies under the 2019 Operating Agreement and 2019 Licence Agreement for the year ended 31 December 2021 is within the annual cap of HK$5.9 million for 2021 as set out in the Company's announcement dated 7 January 2019.

(iii) On 15 May 2020, Begin Land Limited ("Begin Land"), a subsidiary of the Company, accepted the offer made by Wing Tai Corporation Limited ("WTC") in relation to the leasing of the premises located at Suites 1502-5, 15th Floor, AXA Tower, Landmark East, 100 How Ming Street, Kwun Tong, Kowloon, Hong Kong (the "Premises") for a fixed term of one year commencing from 16 May 2020 and ending on 15 May 2021 (both day inclusive) (the "2020 Offer").

As WTC is a substantial shareholder of the Company and hence a connected person of the Company, the transactions under the 2020 Offer constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The consideration received by Begin Land from WTC under the 2020 Offer for the period from 1 January 2021 to 15 May 2021 totaled HK$2.0 million. The annual cap of HK$6.04 million as set out in the Company's announcement dated 15 May 2020 is for the period from 16 May 2020 to 15 May 2021. The amount of such cap attributable to the period from 1 January 2021 to 15 May 2021 on a pro-rata basis amounted to HK$2.31 million being higher than the aforementioned consideration of HK$2.0 million.

On 13 May 2021, Begin Land accepted the offer made by WTC in relation to the leasing of the Premises for a fixed term of three years from 16 May 2021 and ending on 15 May 2024 (both days inclusive) (the "2021 Offer").

The consideration received by Begin Land from WTC under the 2021 Offer for the period from 16 May 2021 to 31 December 2021 totaled HK$3.1 million which is within the 2021 annual cap of HK$3.28 million as set out in the Company's announcement dated 13 May 2021.

2. Annual Review of Continuing Connected Transactions

The independent non-executive directors of the Company have reviewed and confirmed that the aforesaid continuing connected transactions for the year ended 31 December 2021 have been entered into:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms or better; and

(c) according to the agreements governing such transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

The auditor has reviewed these transactions, disclosed by the Group on pages 35 to 37 of this annual report, pursuant to Rule 14A.56 of the Listing Rules, and confirmed to the Board of Directors of the Company that nothing has come to their attention that causes them to believe: that they have not been approved by the Board of Directors of the Company; that they were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; that they were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and that they have exceeded the relevant annual caps.

MANAGEMENT CONTRACT

No contract for the management and administration of the whole or any substantial part of any business of the Company was entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2021, the aggregate amount of revenue attributable to the Group's five largest customers was less than 30% of the total value of the Group's revenue. The aggregate amount of purchase attributable to the Group's five largest suppliers was less than 30% of the total value of the Group's purchases.

DISCLOSURE PURSUANT TO RULE 13.20 OF THE LISTING RULES

As at 31 December 2021, the aggregate amount due to the Group and guarantee for loan facilities given by the Company on behalf of Southwater Investments Limited and its subsidiary (the "Southwater Group") exceeded 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules.

Details of the amounts to the Southwater Group as at 31 December 2021 were as follows:

Name of Entity	**Group's % of attributable equity interest therein**	**Amount of guarantee for loan facilities given by the Company** *(Note 1)* HK$'M	**Amount and loans due to the Group** *(Note 2)* HK$'M	**Total** HK$'M
Southwater Group	50%	3,450	2,025	5,475

Notes:

1. All the loan facilities are secured by (among others) guarantees given by the Company and CSI Properties Limited ("CSI") on a several and proportional basis. All loan facilities carry interest at normal commercial rate agreed after negotiations on an arm's length basis with the lending bank concerned. The final maturity date of the loan facilities is the earlier of (a) 21 November 2023 or (b) 6 months after the issuance of the occupation permit in respect of the development situated at the land parcel known as Inland Lot No. 9065 and located at Gage Street/Graham Street, Central, Hong Kong.

2. The amount due from the Southwater Group is (i) unsecured, (ii) carrying interest at rates agreed by the Group and CSI from time to time and (iii) without fixed repayment dates.

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 31 December 2021, the aggregate amount of financial assistance to and guarantees given for facilities granted to affiliated companies by the Group amounted to HK$9,113 million in aggregate which exceeded 8% of the assets ratio as defined in Rule 14.07(1) of the Listing Rules.

A combined balance sheet of these affiliated companies and the Group's attributable interest in these affiliated companies as at 31 December 2021 are presented below:

	Combined balance sheet	**Group's attributable interest**
	HK$'M	HK$'M
Non-current assets	10,820.7	3,814.2
Current assets	14,360.5	6,585.4
Current liabilities	(3,697.2)	(1,730.0)
Non-current liabilities	(8,092.4)	(3,231.1)
Amounts and loans due from shareholders	447.1	75.5
Amounts and loans due to shareholders	(9,137.9)	(3,852.9)
Net assets	4,700.8	1,661.1

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Shares during the year.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws although there is no restriction against such rights under the laws in Bermuda.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 9 of this annual report.

AUDITOR

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Messrs. PricewaterhouseCoopers as the auditor of the Company.

On behalf of the Board

Cheng Wai Chee, Christopher
Chairman

Hong Kong, 24 March 2022

The Company is committed to achieving and maintaining high standards of corporate governance and has established policies and procedures for compliance with regulatory requirements, including the requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles and complied with all the applicable code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the "CG Code") during the financial year ended 31 December 2021.

CODES FOR DEALING IN THE COMPANY'S SECURITIES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its code of conduct for securities transactions by directors of the Company.

The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the year ended 31 December 2021, and received confirmations from all directors that they had fully complied therewith throughout the year.

The Company has also adopted a code for dealing in the Company's securities by relevant employees, who are likely to be in possession of unpublished price-sensitive information in relation to the securities of the Company, on no less exacting terms than the Model Code.

BOARD OF DIRECTORS

As at the date of this report, the Board comprises five executive directors (namely Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward, Cheng Man Piu, Francis, Chow Wai Wai, John and Ng Kar Wai, Kenneth), four non-executive directors (namely Kwok Ping Luen, Raymond (Kwok Ho Lai, Edward as his alternate), Hong Pak Cheung, William, Ng Tak Wai, Frederick and Chen Chou Mei Mei, Vivien) and five independent non-executive directors (namely Simon Murray, Yeung Kit Shing, Jackson, Haider Hatam Tyebjee Barma, Cheng Hoi Chuen, Vincent and Lam Kin Fung, Jeffrey). Biographies of all directors are set out on pages 19 to 22 of this annual report.

Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward and Cheng Man Piu, Francis are brothers. Chow Wai Wai, John is a cousin of Chen Chou Mei Mei, Vivien. Kwok Ping Luen, Raymond is the father of Kwok Ho Lai, Edward. Save as disclosed above, there are no financial, business, family or other material/relevant relationships among members of the Board.

The Company has arranged Directors' and Officers' liability Insurance for the directors and officers of the Company.

Chairman and Chief Executive

Cheng Wai Chee, Christopher is the Chairman and Cheng Wai Sun, Edward is the Deputy Chairman and Chief Executive. While the Chairman of the Board is responsible for providing leadership for the Board, ensuring that all directors are properly briefed on issues arising at Board meetings and receive complete, reliable and timely information, the Chief Executive is responsible for the day-to-day management of the business of the Company and its subsidiaries (the "Group").

Retirement by Rotation and Specific Term of Office

The non-executive directors (including independent non-executive directors) were appointed for a fixed term of three years and all directors of the Company are subject to retirement by rotation at the annual general meetings of the Company in accordance with the Bye-laws of the Company and/or code provision B.2.2 of the CG Code.

Independent Non-Executive Directors

The Company has received annual confirmations from all independent non-executive directors that, save as disclosed in this annual report, they did not have any business or financial interest with the Group and were independent as at 31 December 2021 in accordance with Rule 3.13 of the Listing Rules. The Company considers that all the existing independent non-executive directors of the Company are independent.

Functions and Responsibilities of the Board

The Board is accountable to the shareholders for leading the Group in a responsible and effective manner. Directors of the Company are collectively and individually responsible to the shareholders for the manner in which the affairs of the Group are managed and for promoting the success of the Group by directing and supervising its affairs.

The functions and responsibilities reserved to the Board and the functions and responsibilities delegated to management are as follows:

(i) the Board shall approve the yearly budgets of the Group;

(ii) the Board shall monitor the operating and financial performance of the Group;

(iii) the Board shall oversee the processes for evaluating the adequacy of financial reporting and compliance;

(iv) the Board shall set the Group's strategy and risk appetite by evaluating and determining the nature and extent of the risks it is willing to take in achieving its strategic objectives;

(v) the Board shall establish and maintain appropriate and effective risk management and internal control systems;

(vi) the Board shall oversee the management in the design, implementation and monitoring of the risk management and internal systems on an ongoing basis;

(vii) the Board shall assume responsibility for corporate governance;

(viii) the Board shall have overall responsibility for the Group's strategy and reporting on environmental, social and governance matters; and

(ix) the day-to-day operations of the Group is delegated to the management led by the Chief Executive. Matters reserved for the Board are those affecting the Company's overall strategic policies, finances and shareholders. These include: financial statements, dividend policy, significant changes in accounting policy, annual operating budgets, material contracts, major financing arrangements, major investments, risk management strategies and policies required under the Listing Rules.

Four Board meetings had been held during the year. The attendance record of each member at the Board and general meetings is set out in the table under the section headed "Attendance at Meetings" of this report.

Directors' Induction and Continuous Professional Development

On appointment to the Board, each newly appointed director receives a comprehensive induction package covering policies and procedures of the Company as well as the general, statutory and regulatory obligations of being a director to ensure that he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other relevant regulatory requirements.

The directors are briefed, or provided with written materials, on the amendments to, or updates on, the relevant laws, rules and regulations. The directors are also provided with commentary on the Group's business, operations and financial matters on a monthly basis. In addition, the Company has been encouraging the directors and senior executives to enrol in a wide range of professional development courses and seminars relating to the Listing Rules, companies law and corporate governance practices organised by professional bodies, independent auditors and/or law firms in Hong Kong so that they can continuously update and further improve their relevant knowledge and skills.

During the year under review, the directors participated in the following trainings and each director provided a record of training to the Company.

Directors	Types of Training
Executive Directors	
Cheng Wai Chee, Christopher	A, B
Cheng Wai Sun, Edward	A, B
Cheng Man Piu, Francis	B
Chow Wai Wai, John	B
Ng Kar Wai, Kenneth	B
Non-Executive Directors	
Kwok Ping Luen, Raymond	A, B
Kwok Ho Lai, Edward *(alternate to Kwok Ping Luen, Raymond)*	A, B
Hong Pak Cheung, William	A, B
Chen Chou Mei Mei, Vivien	A, B
Ng Tak Wai, Frederick	B
Independent Non-Executive Directors	
Simon Murray	B
Yeung Kit Shing, Jackson	A, B
Haider Hatam Tyebjee Barma	B
Cheng Hoi Chuen, Vincent	B
Lam Kin Fung, Jeffrey	A, B

A: attending training sessions/seminars/briefings/forums/workshops/conferences

B: reading materials or e-training in relation to regulatory updates, the duties and responsibility of directors and the business of the Group

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for determining the policies for the corporate governance of the Company and performing the corporate governance duties as below:

(i) to develop and review the Group's policies and practices on corporate governance;

(ii) to review and monitor the training and continuous professional development of directors and senior management;

(iii) to review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements;

(iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the employees and directors of the Group; and

(v) to review the Group's compliance with the code of corporate governance and disclosure requirements in the Corporate Governance Report.

The following works on corporate governance functions were performed by the Board during 2021:

(a) review and adoption of the Enterprise Risk Management Framework; and

(b) approval of the 2020 Corporate Governance Report and the 2020 Environmental, Social and Governance Report.

REMUNERATION COMMITTEE

The Remuneration Committee was formed on 12 July 2005. The Remuneration Committee's terms of reference specify its duties and functions and that the committee must comprise at least three members and the majority of whom are independent non-executive directors. The terms of reference are available on the Company's website under the Corporate Governance Section.

During the year and up to the date of this report, the members of the Remuneration Committee are:

Simon Murray *(Committee Chairman)*
Cheng Wai Chee, Christopher
Yeung Kit Shing, Jackson

The Remuneration Committee met once in 2021. The attendance record of each member for the Remuneration Committee meeting is set out in the table under the section headed "Attendance at Meetings" of this report.

The works performed by the Remuneration Committee during 2021 include the following:

(a) review and approval of the remuneration packages of certain executive directors including bonuses for the year ended 31 December 2020 and the annual base salaries for the year ended 31 December 2021;

(b) review and approval of the grants of share options to the senior management pool and management staff pool under the Share Option Plan; and

(c) review and adoption of the proposal of directors' fees for the year ended 31 December 2021.

Remuneration Policy for Executive Directors and Senior Management

The principal elements of the executive directors' and senior management's remuneration packages include basic salaries and discretionary bonus which includes cash and/or share options. The remuneration packages of the executive directors and senior management will be proposed jointly by the Chairman and the Chief Executive annually for the review and approval by the Remuneration Committee based on the following factors:

(i) the executive director's and senior management's individual responsibilities;

(ii) the executive director's and senior management's individual performance;

(iii) the performance of the business unit(s) headed by the executive director or senior management concerned; and

(iv) the performance of the Group as a whole.

Remuneration Policy for Non-Executive Directors

The non-executive directors' remuneration, comprising directors' fee, is subject to assessment on a regular basis and recommended by the Remuneration Committee for shareholders' approval at the annual general meetings.

Directors' Remuneration

The directors' remuneration is set out in note 9 to the financial statements on pages 108 to 110 of this annual report.

Senior Management's Remuneration

The emoluments of certain senior management whose profiles are included in Senior Management Profile section of this annual report fell within the following bands:

	Number of individuals 2021
Emoluments bands	
HK$3,000,001 – HK$4,000,000	2
HK$4,000,001 – HK$5,000,000	0
HK$5,000,001 and above	1
	3

NOMINATION COMMITTEE

The Nomination Committee was established on 1 February 2013. The terms of reference of the Nomination Committee specifying its role and the authority delegated to it by the Board are available on the Company's website under the Corporate Governance Section. According to its terms of reference, the Nomination Committee shall consist of not less than three members and the majority of them shall be independent non-executive directors. The following directors have been the members of the Nomination Committee since its establishment:

Cheng Hoi Chuen, Vincent *(Committee Chairman)*
Cheng Wai Chee, Christopher
Cheng Wai Sun, Edward
Yeung Kit Shing, Jackson
Haider Hatam Tyebjee Barma

The Nomination Committee met once in 2021. The attendance record of each member for the Nomination Committee meeting is set out in the table under the section headed "Attendance at Meetings" of this report.

The works performed by the Nomination Committee during 2021 include the following:

(a) review of the structure, size and composition of the Board;

(b) review of the independence of the independent non-executive directors;

(c) making recommendations on the re-election of directors at the 2021 annual general meeting;

(d) review of the measurable objectives set for implementing the Board Diversity Policy and approval of the disclosure of the review in the Corporate Governance Report; and

(e) review and consideration of an application for the post of independent non-executive director.

Board Nomination Policy

A summary of the Board Nomination Policy adopted on 29 August 2013 and amended on 27 March 2019 by the Board is shown below.

(A) Appointment of Directors

1. Selection Criteria

When considering matters related to nomination, the members of the Nomination Committee should pay due regard to the following matters:

a) the skills, knowledge and experience required to discharge competently the Board's duties having regard to the Company's performance, financial position and strategic direction;

b) the skills, knowledge and experience represented on the Board and whether these skills, knowledge and experience are sufficient to meet the needs of the Company;

c) succession planning issues or strategies for the ongoing effective performance of the Board as a whole;

d) diversity of the Board; and

e) compliance with the Company's bye-laws, applicable laws, rules and regulations from time to time.

2. Nomination Procedures

In identifying and recommending candidate(s) for the Board's consideration:

a) the Nomination Committee is to identify the areas of skills, experience, profession and personal attributes that the Board expects and requires from a new Board member who will assist the Board in carrying out its duties to achieve the corporate objectives;

b) the Nomination Committee is to identify potential candidates, possibly with the assistance from external agencies and/or advisors;

c) the Company Secretary is to provide the Nomination Committee with (i) the biographical details of each of the candidates; (ii) details of each of the candidates' relationship with the Company and/or directors of the Company (if any); (iii) skills and experience of each of the candidates; (iv) other directorships held by each of the candidates; (v) other positions held by each of the candidates which involve significant time commitment; and (vi) any other particulars required by law for any candidate for appointment to the Board;

d) the Nomination Committee is to evaluate the character, skills, knowledge, experience and other relevant information of a candidate and to ascertain by means of interviews or other ways as to whether he/she is fit and proper for becoming a member of the Board with reference to the criteria set out in the Listing Rules;

e) in case the candidate is proposed to be appointed as an independent non-executive director of the Company (the "INED Candidate"), the Nomination Committee is (i) to assess the independence of the INED Candidate with reference to the criteria set out in Rule 3.13 of the Listing Rules, and (ii) to consider whether the INED Candidate will be able to devote sufficient time to the Board in the event that the INED Candidate will be holding seventh (or more) listed company directorship;

f) the Nomination Committee is to nominate one or more qualified candidates to the Board for consideration;

g) the Board is to agree on a preferred candidate;

h) the Chairman of the Board is to approach the preferred candidate to canvass interest, availability and terms of appointment; and

i) the Chairman of the Board, in consultation with the chairmen of the Remuneration Committee and the Nomination Committee as appropriate and required, is to finalise a letter of appointment setting out the key terms and conditions of the appointment for the Board's approval.

(B) Re-appointment of Directors

At each annual general meeting of the Company, certain directors of the Company will be subject to retirement (by rotation or otherwise) and certain director(s) of the Company will be subject to re-election in accordance with the requirements of the Company's bye-laws and CG Code. The retiring directors may offer themselves for re-election.

The Nomination Committee shall consider the suitability of each of the directors offering them for re-election and subject to re-election as aforesaid (the "Re-electing Directors") for re-election in the light of the Board Nomination Policy and the Board Diversity Policy of the Company and make its recommendations therefor to the Board for consideration provided that, for each of the Re-electing Director who is an independent non-executive director, the Nomination Committee shall also, assess his/her independence before making such recommendation(s).

The Board shall consider the suitability of each Re-electing Director for re-election in the light of the Nomination Committee's recommendation, the Board Nomination Policy and the Board Diversity Policy and make its recommendations therefor to the shareholders for consideration and approval.

Board Diversity Policy

A summary of the Board Diversity Policy adopted by the Board on 29 August 2013 is shown below.

The Company recognizes that a diverse Board will enhance the performance of the Company and that an increasing diversity at the Board level is inductive to the attainment of the Company's strategic objectives and the Company's sustainable development. Hence the purpose of the Board Diversity Policy aims to achieve diversity on the Board (including but not limited to the aspects of genders, age, cultural and educational backgrounds, ethnicities, professional experience, skills, knowledge and length of service).

Measurable Objectives

The Nomination Committee agreed the measurable objectives shown below for implementing the Board Diversity Policy.

Gender

Striving for gender diversity and gender neutrality with the objective of increasing female representation on the Board, subject to availability and identification of candidates with appropriate skills and experience.

Age

Striving for age diversity and age neutrality with the objective of increasing representation of the younger age group on the Board, subject to availability and identification of candidates with appropriate skills and experience.

Independence

(i) Maintaining a balanced composition of executive, non-executive and independent non-executive directors ("INED").

(ii) Complying with the relevant requirements of the Listing Rules.

Professional Qualifications

(i) Maintaining the Board with Directors with balanced professional qualifications.

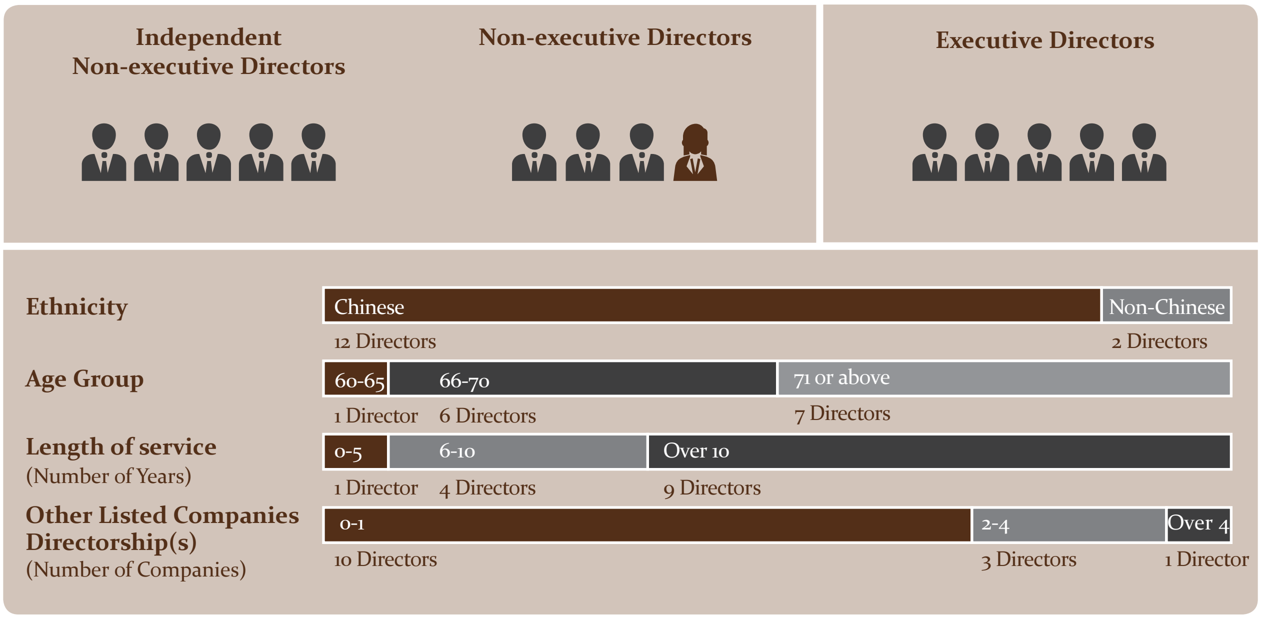
(ii) Complying with the Listing Rules requirements that at least one INED must have professional qualifications or accounting or related financial management expertise as provided under Rule 3.10(2) of the Listing Rules.

Area of Experience

Maintaining the Board with Directors with balanced experiences from various industries in order to widen the views of the Board and assist in setting up and developing the strategies of the Group.

The Nomination Committee has reviewed and will review the measureable objectives concerning independence, professional qualifications and area of experience of Directors on an annual basis in order to assess the composition of the Board.

It is considered that the Board is sufficiently diversified. As at the date of this report, the diversity of the Board is summarized as follows:



For more details, please refer to the Directors and Senior Management Profile on pages 19 to 23 of this annual report.

AUDIT COMMITTEE

The Audit Committee was formed on 9 March 1999. The terms of reference of the Audit Committee specify its duties and functions and that it must comprise at least three members and the majority of whom are independent non-executive directors. Its terms of reference are available on the Company's website under the Corporate Governance Section. During the year and up to the date of this report, the members of the Audit Committee are:

Yeung Kit Shing, Jackson *(Committee Chairman)*
Hong Pak Cheung, William
Haider Hatam Tyebjee Barma

The Audit Committee met three times in 2021. The attendance record of each member for the Audit Committee meetings is set out in the table under the section headed "Attendance at Meetings" of this report.

The works performed by the Audit Committee during 2021 include the following:

(a) review of the external auditor's audit plan for the year ended 31 December 2021;

(b) review and adoption of the 2022 internal audit plan;

(c) review of the 2021 work progress reports and the works performed by the internal audit team in 2021;

(d) review of the annual report and results announcement for the year ended 31 December 2020, with a recommendation to the Board for consideration;

(e) review of the external auditor's report on the audit of the financial statements for the year ended 31 December 2020;

(f) review of the interim report and interim results announcement for the six months ended 30 June 2021, with a recommendation to the Board for consideration;

(g) review of the external auditor's report on the review of interim financial statements for the six months ended 30 June 2021;

(h) approval of the 2022 annual budget for audit and non-audit services;

(i) meeting with external auditors without executive directors' presence;

(j) review of the Enterprise Risk Management Framework with a recommendation to the Board for adoption;

(k) oversight of the risk management and internal control systems; and

(l) review of the effectiveness of the risk management and internal control systems.

RISK MANAGEMENT AND INTERNAL CONTROLS

Responsibility of the Board

The Board acknowledges that it is responsible for the Group's risk management and internal control systems and reviewing their effectiveness. The Audit Committee is tasked to assist the Board in doing so. These systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatements or losses.

The Group's risk management and internal control systems are in place and were functioning effectively and adequately during the year under review.

Risk Management

The Group adopts an integrated bottom-up and top-down risk review process to enable:-

(1) comprehensive identification and prioritisation of all material risks throughout the Group in the light of the Group's strategic objectives;

(2) escalation of the material risks to the right managerial levels;

(3) effective risk dialogues among the management teams; and

(4) proper oversight of risk mitigation efforts.

Management's regular meetings are held to identify major and significant risks relating to operations, finance and compliance. Management carries out risk monitoring assessment regularly for the major and significant risks and develops effective control activities to mitigate the risks. The Group's risk management system is closely linked to its internal control system. Key controls associated with the key risks of the Group are identified and tested in order to assess their effectiveness.

Internal Controls

The Group's internal audit department is responsible for providing independent assurance that the Group's risk management and internal control processes are operating effectively. The head of the internal audit department reports to the Audit Committee on a regular basis. The Audit Committee reviews and approves the annual internal audit plan which is practically linked to the Group's significant areas of operations. The audit plan is prepared under a risk based approach and covers the Group's significant areas of operations. The audit plan is reviewed on an annual basis.

The scope of the works of the Group's internal audit department covers all material controls including financial, operational and compliance controls as well as risk management policies and procedures. Major operational, financial, compliance and risk management controls of the Group are continuously reviewed aiming to cover all major business units and operations of the Group on a rotational basis. Internal audit findings and recommendations are presented at the Audit Committee meetings. The implementation of the agreed recommendations is to be followed up on a regular basis.

Policies and procedures have been established to safeguard the Group's assets against any possible unauthorized use or disposition and to ensure the proper maintenance of accounting records for the provision of reliable financial information for internal use and for publication in compliance with all applicable laws, rules and regulations.

The Company regulates the handling and dissemination of inside information according to the Inside Information Policy adopted by the Board on 22 March 2013. This policy provides that inside information is to be kept confidential until the disclosure thereof is made and that the dissemination of such information shall be made efficiently and consistently.

A Whistleblowing Policy was formulated on 28 March 2012 to encourage employees to raise concerns in confidence about misconducts, malpractice or impropriety relating to the Group. The purpose of formulating this policy is to increase the awareness of maintaining internal corporate justice and regard this as a kind of internal control mechanism. In accordance with this policy, employees are provided with reporting channels and guidance on whistleblowing. During the year, there were no reports received from employees under this policy.

Assessment and review by the Board

The Board assesses the effectiveness of the risk management and internal control systems regularly with the assistance of the Audit Committee and in the light of the reviews performed by the senior management as well as both of the internal and external auditors. The risk management and internal control systems are designed to identify, evaluate and manage significant risks faced by the Group on an on-going basis.

For the financial year ended 31 December 2021, the Board with the assistance of the Audit Committee conducted a review of the effectiveness of the Group's risk management and internal control systems in the light of the reports of the Group's internal audit department and the confirmation from the management on the effectiveness of these systems of the Group. The Board considers that these systems are operating effectively and adequately in all material aspects.

AUDITORS' REMUNERATION

The remuneration in respect of audit and non-audit services provided by auditors of the Group for the financial year ended 31 December 2021 are HK$4,854,000 (2020: HK$4,597,000) and HK$774,000 (2020: HK$633,000) respectively.

The remuneration in respect of significant non-audit services in 2021 includes the following:

Nature of services	Fee paid HK$
Tax services	774,000

ATTENDANCE AT MEETINGS

The attendance record of individual members at the Board and Committees meetings and general meeting in 2021 are detailed in the following table:

	Meetings attended/Eligible to attend				
	General Meeting	Board	Remuneration Committee	Audit Committee	Nomination Committee
Executive directors					
Cheng Wai Chee, Christopher	1/1	4/4	1/1	N/A	1/1
Cheng Wai Sun, Edward	1/1	4/4	N/A	N/A	1/1
Cheng Man Piu, Francis	1/1	4/4	N/A	N/A	N/A
Chow Wai Wai, John	1/1	4/4	N/A	N/A	N/A
Ng Kar Wai, Kenneth	1/1	4/4	N/A	N/A	N/A
Non-executive directors					
Kwok Ping Luen, Raymond	0/1	0/4	N/A	N/A	N/A
(attended by his alternate, Kwok Ho Lai, Edward)	1/1	4/4	N/A	N/A	N/A
Hong Pak Cheung, William	1/1	4/4	N/A	3/3	N/A
Ng Tak Wai, Frederick	1/1	4/4	N/A	N/A	N/A
Chen Chou Mei Mei, Vivien	1/1	4/4	N/A	N/A	N/A
Independent non-executive directors					
Simon Murray	1/1	2/4	1/1	N/A	N/A
Yeung Kit Shing, Jackson	1/1	4/4	1/1	3/3	1/1
Haider Hatam Tyebjee Barma	1/1	4/4	N/A	3/3	1/1
Cheng Hoi Chuen, Vincent	1/1	4/4	N/A	N/A	1/1
Lam Kin Fung, Jeffrey	1/1	4/4	N/A	N/A	N/A

Apart from regular Board meetings, the Chairman also held a meeting with the independent non-executive directors without the presence of the other executive directors to discuss the business of the Company during the year.

DIVIDEND POLICY

On 10 December 2018, the Board adopted a dividend policy to make sustainable returns to shareholders of the Company by, among others, dividend payments (whether in cash with or without an option to receive scrip or vice versa).

Before determining any payment of dividend or, as the case may be, making recommendation of any dividend payment for the approval of the shareholders of the Company, the Board will review the financial performance, business environment, investment needs, liquidity position and forecast cash flow positions of the Group as well as the dividend yields of listed shares of the Company's peer group. It is the Company's policy to link dividend payments with the above factors. Dividend pay-out ratio will therefore vary from year to year.

The Company will normally pay an interim dividend and a year-end dividend in each financial year. The Board determines the interim dividend and recommends the year-end dividend for the approval of the shareholders of the Company.

The Board shall review this policy as the circumstances so warrant.

COMPANY SECRETARY

Chung Siu Wah, Henry, the Company Secretary is responsible for facilitating the Board process, as well as communications among Board members, communications with shareholders and management. During the year, Chung Siu Wah, Henry undertook more than 15 hours of professional training to update his skills and knowledge.

FINANCIAL REPORTING

The directors of the Company acknowledged that they are responsible for the preparation of the financial statements which give a true and fair view and are prepared in accordance with appropriate accounting policies selected and applied consistently. The statement of the auditor of the Group relating to their reporting responsibilities on the financial statements of the Group and the Company is set out in the Independent Auditor's Report on pages 57 to 60 of this annual report.

CONSTITUTIONAL DOCUMENTS

There was no change to the Company's Memorandum of Association and Bye-laws during the financial year 2021. A copy of the latest consolidated version of the Memorandum of Association and Bye-laws is posted on the websites of the Company under the Corporate Governance Section and the Stock Exchange.

CORPORATE COMMUNICATION

On 28 March 2012, the Board adopted a shareholders' Communication Policy reflecting mostly the current practices of the Company for communications with its shareholders. Such policy aims at providing the shareholders and potential investors with ready and timely access to balanced and understandable information of the Company. This policy will be reviewed regularly to ensure its effectiveness and compliance with the prevailing regulatory and other requirements.

The annual general meeting provides a forum for the shareholders to exchange views with the Board. The Chairman of the Board, Chairman of Audit Committee, Chairman of the Remuneration Committee and Chairman of the Nomination Committee will be available to answer the shareholders' questions at the meeting.

An explanation of the detailed procedures of conducting a poll will be provided to the shareholders at the commencement of the annual general meeting, to ensure that the shareholders attending such meeting are familiar with such procedures.

All the publications of the Company, including annual reports, interim reports, circulars, notices of general meetings, results of the poll of general meetings are available on the Stock Exchange's website at www.hkexnews.hk.

The Company's website at www.wingtaiproperties.com offers timely access to investors regarding the Company's financial, corporate and other information.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to Convene a Special General Meeting ("SGM")

Pursuant to the Company's bye-laws and the Companies Act 1981 of Bermuda (the "Companies Act"), registered shareholders holding not less than one-tenth (10%) of the paid-up capital of the Company carrying the right of voting at general meetings of the Company (the "SGM Requisitionists") may deposit a written request to convene a SGM at the registered office of the Company (the "Registered Office"), which is presently situated at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, Bermuda. The SGM Requisitionists must state in their request(s) the objects of the SGM and such request(s) must be signed by all the SGM Requisitionists and may consist of several documents in like form, each signed by one or more of the SGM Requisitionists.

The Share Registrars will verify the SGM Requisitionists' particulars stated in the SGM Requisitionists' request. Promptly after the receipt of confirmation from the Share Registrars that the SGM Requisitionists' request is in order, the Company Secretary will arrange with the Board to convene a SGM by serving sufficient notice to all the registered shareholders in accordance with all the relevant statutory and regulatory requirements. On the contrary, if the SGM Requisitionists' request is verified not in order, the SGM Requisitionists will be advised of the outcome and a SGM will not be convened as requested.

The SGM Requisitionists, or any of them holding more than one-half of the total voting rights held by all of them, may themselves convene a SGM if the Board does not proceed duly to convene a SGM within twenty-one (21) days of the deposit of the SGM Requisitionists' request, provided that any SGM so convened is held within three (3) months from the date of the original SGM Requisitionists' request. A SGM so convened by the SGM Requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Board.

Procedures for Shareholders to Put Forward Proposals at a General Meeting

Pursuant to the Companies Act, either any number of the registered shareholders holding not less than one-twentieth (5%) of the paid-up capital of the Company carrying the right of voting at general meetings of the Company (the "Requisitionists"), or not less than 100 of such registered shareholders, may request the Company in writing to (a) give to the shareholders entitled to receive notice of the next general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and (b) circulate to the shareholders entitled to receive notice of the next general meeting any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

The requisition signed by all the Requisitionists may consist of several documents in like form, each signed by one or more of the Requisitionists; and such requisition must be deposited at the Registered Office with a sum reasonably sufficient to meet the Company's relevant expenses, not less than six weeks before the meeting in case of a requisition requiring notice of a resolution or not less than one week before the meeting in the case of any other requisition. Provided that if an AGM is called for a date six weeks or less after the requisition has been deposited, the requisition though not deposited within the time required shall be deemed to have been properly deposited for the purposes thereof.

Procedures for Shareholders to Propose a Person for Election as a Director

The procedures for proposing a person for election as a director are at the Company's website at www.wingtaiproperties.com under the Corporate Governance Section.

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary, whose contact details are as follows:

27th Floor, AIA Kowloon Tower,
Landmark East, 100 How Ming Street,
Kwun Tong, Kowloon, Hong Kong
Fax: (852) 2351 8404

Shareholders may also make enquiries with the Board at the general meetings of the Company.

羅兵咸永道

TO THE SHAREHOLDERS OF WING TAI PROPERTIES LIMITED
(incorporated in Bermuda with limited liability)

OPINION

What we have audited

The consolidated financial statements of Wing Tai Properties Limited (the "Company") and its subsidiaries (the "Group") which are set out on pages 61 to 147, comprise the consolidated balance sheet as at 31 December 2021, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and the notes to the consolidated financial statements, which include significant accounting policies with other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matter identified in our audit is related to valuation of investment properties.

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Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties Refer to notes 4(a) and 15 to the consolidated financial statements The Group's investment property portfolio is mainly comprised of commercial, industrial, residential units and serviced apartments and others in Hong Kong, the People's Republic of China and the United Kingdom. As at 31 December 2021, the Group's investment properties were stated at fair value of HK$21,777.7M, with a revaluation loss of HK$527.4M recorded in the consolidated income statement. Independent external valuers have been engaged to perform valuation of the investment properties. We focused on the valuation of investment properties because the estimation of fair value is subject to estimation uncertainty. It is inherently subjective due to, among other factors, the individual nature of each property, its location, prevailing market returns and the expected future rentals for that particular property. The fair values were primarily derived using the income capitalisation method. In determining a property's valuation, valuers took into account property-specific information such as current tenancy agreements and rental income. They applied assumptions for capitalisation rates and estimated market rent which were influenced by prevailing market yields and comparable market transactions, to arrive at the final valuation. The existence of significant estimation uncertainty, coupled with the fact that only a small percentage difference in individual property valuations, when aggregated, could result in a material misstatement, warrants specific audit focus in this area.	Our procedures in relation to management's valuation of investment properties include: – Understanding management's controls and processes for determining the valuation of investment properties and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining assumptions to be applied; – Evaluating the independent professional valuer's competence, capabilities and objectivity; – Involving our internal valuation expert in assessing the valuations and the key assumptions of certain selected investment properties with the valuers; – Assessing the methodologies used and the appropriateness of the key assumptions, including: (a) capitalisation rates, by comparing to an estimated range of expected yields, determined via reference to published market rental yield; and (b) estimated market rent by comparing to the recent leasing transactions of comparable properties. Where assumptions were outside the expected range or otherwise unusual, and/or valuations showed unexpected movements, we undertook further investigations and, when necessary, requested for further evidences to support the assumptions used; – Checking, on a sample basis, over the property information, such as rental income schedule covering the rental information and lease period, used by the valuers in the valuation, to the underlying lease agreements in order to satisfy ourselves of the accuracy and reasonableness of the property information used by the valuers; and – Assessing the adequacy of the disclosures related to the valuation of investment properties in the context of HKFRS disclosure requirements. Based on the procedures performed, we considered that the risk assessment of valuation of investment properties remained appropriate and the methods, significant assumptions and data used by management in relation to the valuation of investment properties were supported by available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE 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 disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is 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. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and 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 the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Cheng Kam Fung.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24 March 2022

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2021

	Note	2021 HK$'M	2020 HK$'M
Revenue	5	3,423.2	2,777.8
Cost of sales		(2,083.6)	(1,777.7)
Gross profit		1,339.6	1,000.1
Other gains, net	7	489.0	215.6
Selling and distribution costs		(160.3)	(154.6)
Administrative expenses		(316.2)	(337.7)
Change in fair value of			
– investment properties	15	(527.4)	(1,064.5)
– financial instruments	14	75.1	(150.4)
		(452.3)	(1,214.9)
Profit/(loss) from operations	8	899.8	(491.5)
Finance costs	10	(112.7)	(96.0)
Finance income	10	13.6	41.0
Share of results of joint ventures		242.9	(12.3)
Share of results of associates	18(b)	1.8	3.7
Profit/(loss) before taxation		1,045.4	(555.1)
Taxation	11	(127.8)	(60.8)
Profit/(loss) for the year		917.6	(615.9)
Profit/(loss) for the year attributable to:			
Shareholders of the Company		854.4	(674.4)
Holders of perpetual capital securities		65.5	63.8
Non-controlling interests		(2.3)	(5.3)
		917.6	(615.9)
Earnings/(loss) per share attributable to shareholders of the Company	12		
– Basic		HK$0.63	(HK$0.50)
– Diluted		HK$0.63	(HK$0.50)

The notes on pages 69 to 147 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 HK$'M	2020 HK$'M
Profit/(loss) for the year	917.6	(615.9)
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Release of other reserve upon disposal of a subsidiary	–	1.9
Items that have been/may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	3.4	58.7
Net gain/(loss) on net investment hedge		
– Fair value gains/(losses)	8.3	(3.7)
– Realised upon settlement	13.6	(4.4)
Net gain/(loss) on cash flow hedge		
– Fair value gains/(losses)	4.1	(4.3)
Release of translation reserve upon dissolution of a subsidiary	(3.8)	–
Release of translation reserve upon disposal of a subsidiary	–	0.6
Share of other comprehensive income of a joint venture	0.6	0.5
	26.2	47.4
Other comprehensive income for the year, net of tax	26.2	49.3
Total comprehensive income/(loss) for the year	943.8	(566.6)
Total comprehensive income/(loss) for the year attributable to:		
Shareholders of the Company	880.6	(625.1)
Holders of perpetual capital securities	65.5	63.8
Non-controlling interests	(2.3)	(5.3)
Total comprehensive income/(loss) for the year	943.8	(566.6)

The notes on pages 69 to 147 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

At 31 December 2021

	Note	2021 HK$'M	2020 HK$'M
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	15	21,777.7	20,375.6
Other properties, plant and equipment	16	65.9	82.3
Investments in joint ventures	17	1,635.0	1,365.3
Loans to joint ventures	17	3,787.6	3,868.3
Investments in associates	18	26.1	23.3
Loans to associates	18	22.4	22.4
Financial investments at amortised cost	19	375.7	293.3
Financial investments at fair value through profit or loss	20	627.8	537.8
Other non-current assets	21	585.4	1,500.7
Deferred tax assets	30	17.6	31.3
Derivative financial instruments	24	98.8	63.1
		29,020.0	28,163.4
Current assets			
Properties for sale	22	5,702.0	4,243.8
Trade and other receivables, deposits and prepayments	23	264.5	1,711.6
Financial investments at amortised cost	19	340.0	475.5
Financial investments at fair value through profit or loss	20	–	75.3
Other current assets	21	1,206.9	5.3
Derivative financial instruments	24	8.8	0.7
Sales proceeds held in stakeholders' accounts	25	711.9	1,375.1
Tax recoverable		18.9	5.0
Bank balances and cash	26	1,465.5	1,190.1
		9,718.5	9,082.4
Current liabilities			
Trade and other payables and accruals	28	3,152.2	4,655.5
Derivative financial instruments	24	117.0	32.6
Tax payable		79.0	11.9
Bank and other borrowings	29	3,458.1	725.9
		6,806.3	5,425.9

CONSOLIDATED BALANCE SHEET

At 31 December 2021

	Note	2021 HK$'M	2020 HK$'M
Non-current liabilities			
Bank and other borrowings	29	3,346.2	3,653.7
Other long-term liability	32	32.8	48.4
Derivative financial instruments	24	2.3	110.2
Deferred tax liabilities	30	385.1	366.6
		3,766.4	4,178.9
NET ASSETS		28,165.8	27,641.0
EQUITY			
Shareholders' funds			
Share capital	33	677.4	677.3
Reserves	36	25,975.5	25,448.3
		26,652.9	26,125.6
Perpetual capital securities	34	1,513.4	1,513.3
Non-controlling interests		(0.5)	2.1
TOTAL EQUITY		28,165.8	27,641.0

The consolidated financial statements on pages 61 to 147 were approved and authorised for issue by the Board of Directors on 24 March 2022 and are signed on its behalf by:

Cheng Wai Sun, Edward
DIRECTOR

Ng Kar Wai, Kenneth
DIRECTOR

The notes on pages 69 to 147 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Attributable to shareholders of the Company											
	Share capital HK$'M	Share premium HK$'M	Hedging reserve HK$'M	Employee share-based compensation reserve HK$'M	Other property revaluation reserve HK$'M	Translation reserve HK$'M	Contributed surplus HK$'M	Retained profits HK$'M	Total HK$'M	Perpetual capital securities HK$'M	Non-controlling interests HK$'M	Total equity HK$'M
At 1 January 2021	677.3	3,335.8	(15.6)	29.7	36.0	(34.9)	751.0	21,346.3	26,125.6	1,513.3	2.1	27,641.0
Comprehensive income/(loss)												
Profit for the year	–	–	–	–	–	–	–	854.4	854.4	65.5	(2.3)	917.6
Other comprehensive income/(loss)												
Exchange differences on translation of foreign operations	–	–	–	–	–	3.4	–	–	3.4	–	–	3.4
Net gain on net investment hedge	–	–	–	–	–	21.9	–	–	21.9	–	–	21.9
Net gain on cash flow hedge	–	–	4.1	–	–	–	–	–	4.1	–	–	4.1
Release of translation reserve upon dissolution of a subsidiary	–	–	–	–	–	(3.8)	–	–	(3.8)	–	–	(3.8)
Share of other comprehensive income of a joint venture	–	–	0.6	–	–	–	–	–	0.6	–	–	0.6
Total comprehensive income/(loss)	–	–	4.7	–	–	21.5	–	854.4	880.6	65.5	(2.3)	943.8
Transactions with owners												
Value of employee services relating to grants of share options and incentive shares	–	–	–	12.5	–	–	–	–	12.5	–	–	12.5
Incentive shares exercised	0.1	0.7	–	(0.8)	–	–	–	–	–	–	–	–
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(0.3)	(0.3)
2020 final dividend paid	–	–	–	–	–	–	–	(284.5)	(284.5)	–	–	(284.5)
2021 interim dividend paid	–	–	–	–	–	–	–	(81.3)	(81.3)	–	–	(81.3)
Distribution paid on perpetual capital securities	–	–	–	–	–	–	–	–	–	(65.4)	–	(65.4)
Total transactions with owners	0.1	0.7	–	11.7	–	–	–	(365.8)	(353.3)	(65.4)	(0.3)	(419.0)
At 31 December 2021	677.4	3,336.5	(10.9)	41.4	36.0	(13.4)	751.0	21,834.9	26,652.9	1,513.4	(0.5)	28,165.8

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Attributable to shareholders of the Company											
	Share capital HK$'M	Share premium HK$'M	Hedging reserve HK$'M	Employee share-based compensation reserve HK$'M	Other property revaluation reserve HK$'M	Translation reserve HK$'M	Contributed surplus HK$'M	Retained profits HK$'M	Total HK$'M	Perpetual capital securities HK$'M	Non-controlling interests HK$'M	Total equity HK$'M
At 1 January 2020	676.3	3,329.6	(11.8)	22.6	41.7	(86.1)	751.0	22,378.9	27,102.2	1,513.7	7.6	28,623.5
Comprehensive income/(loss)												
Loss for the year	–	–	–	–	–	–	–	(674.4)	(674.4)	63.8	(5.3)	(615.9)
Other comprehensive income/(loss)												
Exchange differences on translation of foreign operations	–	–	–	–	–	58.7	–	–	58.7	–	–	58.7
Net loss on net investment hedge	–	–	–	–	–	(8.1)	–	–	(8.1)	–	–	(8.1)
Net loss on cash flow hedge	–	–	(4.3)	–	–	–	–	–	(4.3)	–	–	(4.3)
Release of other reserve upon disposal of a subsidiary	–	–	–	–	1.9	0.6	–	–	2.5	–	–	2.5
Share of other comprehensive income of a joint venture	–	–	0.5	–	–	–	–	–	0.5	–	–	0.5
Total comprehensive income/(loss)	–	–	(3.8)	–	1.9	51.2	–	(674.4)	(625.1)	63.8	(5.3)	(566.6)
Transactions with owners												
Value of employee services relating to grants of share options and incentive shares	–	–	–	14.3	–	–	–	–	14.3	–	–	14.3
Incentive shares exercised	0.2	1.0	–	(1.2)	–	–	–	–	–	–	–	–
Share options exercised	0.8	5.2	–	(6.0)	–	–	–	–	–	–	–	–
Dividends paid to non- controlling interests	–	–	–	–	–	–	–	–	–	–	(0.2)	(0.2)
2019 final dividend paid	–	–	–	–	–	–	–	(284.5)	(284.5)	–	–	(284.5)
2020 interim dividend paid	–	–	–	–	–	–	–	(81.3)	(81.3)	–	–	(81.3)
Distribution paid on perpetual capital securities	–	–	–	–	–	–	–	–	–	(64.2)	–	(64.2)
Transfer	–	–	–	–	(7.6)	–	–	7.6	–	–	–	–
Total transactions with owners	1.0	6.2	–	7.1	(7.6)	–	–	(358.2)	(351.5)	(64.2)	(0.2)	(415.9)
At 31 December 2020	677.3	3,335.8	(15.6)	29.7	36.0	(34.9)	751.0	21,346.3	26,125.6	1,513.3	2.1	27,641.0

The notes on pages 69 to 147 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2021

	Note	2021 HK$'M	2020 HK$'M
Cash flows from operating activities			
Profit/(loss) from operations		899.8	(491.5)
Adjustments for:			
Change in fair value of investment properties	15	527.4	1,064.5
Net fair value gain on derivative financial instruments	14	(43.6)	(2.9)
(Gain)/loss on financial liabilities at fair value through profit or loss classified under other long-term liability	14	(14.0)	7.7
Loss on financial investments at fair value through profit or loss	14	10.9	80.3
(Gain)/loss on mortgage loan receivables at fair value through profit or loss	14	(28.4)	65.3
Loss on disposal of a subsidiary	27	–	2.5
Gain on distribution in specie of the joint ventures	7	(472.2)	(193.5)
Depreciation of other properties, plant and equipment	16	16.7	18.0
Gain on disposal of other properties, plant and equipment	7	–	(0.5)
Provision for doubtful debts	7	5.0	5.5
Amortised income from financial investments at amortised cost		(25.4)	(21.0)
Interest income on financial investments at fair value through profit or loss		(10.3)	(10.0)
Interest income on loan to joint ventures		(9.1)	(12.2)
Share-based compensation expenses	8	12.5	14.3
Operating cash flows before movements in working capital		869.3	526.5
(Increase)/decrease in properties for sale		(1,417.1)	735.1
Decrease in trade and other receivables, deposits and prepayments		65.5	78.4
Decrease/(increase) in sales proceeds held in stakeholders' accounts		663.2	(759.1)
(Decrease)/increase in trade and other payables and accruals		(1,386.6)	2,328.8
Net cash (used in)/generated from operations		(1,205.7)	2,909.7
Interest income received		62.7	82.5
Interest paid on bank and other borrowings		(144.9)	(156.5)
Hong Kong profits tax paid		(45.9)	(70.7)
Net cash (used in)/generated from operating activities		(1,333.8)	2,765.0

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2021

	Note	2021 HK$'M	2020 HK$'M
Cash flows from investing activities			
Additions of investment properties	15	(7.2)	(3.8)
Purchase of other properties, plant and equipment	16	(0.3)	(9.5)
Purchase of financial investments at amortised cost		(504.7)	(815.2)
Purchase of financial investments at fair value through profit or loss		(217.7)	(193.7)
Additions of mortgage loan receivables		(351.1)	(1,464.5)
Proceeds on maturity of financial investments at amortised cost		493.1	637.4
Proceeds on maturity of financial investments at fair value through profit or loss		44.6	42.6
Capital injection to a joint venture		(184.6)	–
Advances of loans to joint ventures		(233.6)	(1,237.8)
Repayments of loans to joint ventures		284.8	224.1
Repayments of mortgage loan receivables		93.2	41.1
Net proceeds from disposal of subsidiaries	27	–	14.2
Proceeds from disposal of other properties, plant and equipment		–	0.5
Proceeds from disposal of financial investments at amortised cost		60.3	117.9
Proceeds from disposal of financial investments at fair value through profit or loss		147.5	108.3
Release of deposits with banks with original maturity of more than three months		250.0	368.2
Net cash used in investing activities		(125.7)	(2,170.2)
Cash flows from financing activities			
Cash (settlement)/received on derivative financial instruments		(13.4)	3.2
Bank borrowings raised		4,238.0	1,943.3
Other borrowings raised		450.5	85.4
Redemption of fixed rate bonds		(200.0)	–
Repayments of bank borrowings		(1,883.1)	(2,378.2)
Repayments of other borrowings		(175.6)	–
Distribution paid on perpetual capital securities		(65.4)	(64.2)
Dividends paid by the Company		(365.8)	(365.8)
Dividends paid to non-controlling shareholders		(0.3)	(0.2)
Net cash generated from/(used in) financing activities		1,984.9	(776.5)
Increase/(decrease) in cash and cash equivalents		525.4	(181.7)
Cash and cash equivalents at the beginning of the year		940.1	1,121.8
Cash and cash equivalents at the end of the year	26	1,465.5	940.1

Reconciliation of liabilities arising from financing activities and non-cash transaction are disclosed in Note 31 to the consolidated financial statements.

The notes on pages 69 to 147 are an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

Wing Tai Properties Limited (the "Company") is a limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.

The Company is an investment holding company. Its principal subsidiaries are engaged in property development, property investment and management and hospitality investment and management. The Company and its subsidiaries are hereinafter collectively referred to as the Group.

The Group's joint ventures and associates are principally engaged in property investment, property development and hospitality investment.

These consolidated financial statements are presented in millions of Hong Kong dollars (HK$'M), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 24 March 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") and disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). They have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial investments at fair value through profit or loss, financial liabilities at fair value through profit or loss and derivative financial instruments, which are carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

(i) Amendments to standards effective for the current accounting period beginning on 1 January 2021 and relevant to the Group

Amendments to HKFRS 16	COVID-19 – Related rent concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest rate benchmark reform – Phase 2

The adoption of the above amendments to standards did not have any significant impact to the consolidated financial statements in the current and prior years.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 – Interest rate benchmark reform – Phase 2

For financial instruments measured using amortised cost measurement, changes to the basis for determining the contractual cash flows required by interest rate benchmark reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognised by applying practical expedients permitted by the amendments. These expedients are only applicable to changes that are required by interest rate benchmark reform, which is the case if, and only if, the change is necessary as a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(i) Amendments to standards effective for the current accounting period beginning on 1 January 2021 and relevant to the Group (Continued)

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 – Interest rate benchmark reform – Phase 2 (Continued)

Where some or all of a change in the basis for determining the contractual cash flows of a financial asset and liability does not meet the above criteria, the above practical expedient is first applied to the changes required by interest rate benchmark reform, including updating the instrument's effective interest rate. Any additional changes assessed for modification or derecognition, with the resulting modification gain or loss recognised immediately in profit or loss where the instrument is not derecognised.

As at 31 December 2021, the Group has completed the transition from interest rate benchmarks to alternative benchmark interest rates. The Group adopted it using retrospective approach. The adoption did not have any significant impact to the consolidation financial statements in the current and prior years.

(ii) New standard, amendments and improvements to standards relevant to the Group that are not yet effective in 2021 and have not been early adopted by the Group

The Group has not early adopted the following new standard, amendments and improvements to standards that have been issued but are not yet effective for the year ended 31 December 2021:

		Effective for annual periods beginning on or after
Amendments to HKFRS 16	COVID-19 – Related rent concessions beyond 30 June 2021	1 April 2021
Amendments to HKAS 16	Proceeds before intended use	1 January 2022
Amendments to HKAS 37	Onerous contracts – Cost of fulfilling a contract	1 January 2022
Amendments to HKFRS 3	Reference to Conceptual Framework	1 January 2022
Amendments to Accounting Guideline 5 (Revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations	1 January 2022
Annual improvements	Annual improvements 2018–2020 cycle	1 January 2022
HKFRS 17	Insurance contracts and the related amendments	1 January 2023
Amendments to HKAS 1	Classification of liabilities as current or non-current and related amendments to Hong Kong Interpretation 5 (2020)	1 January 2023
Amendments to HKAS 8	Definition of accounting estimate	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group is in the process of making an assessment of the impact of these new standard, amendments and improvements to standards and is not yet in a position to state whether they would have a significant impact on the Group's results and financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 2(c)).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

(iii) Joint arrangements

Under HKFRS 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated balance sheet.

(iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2(k).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Principles of consolidation and equity accounting (Continued)

(v) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, liabilities incurred to the former owners of the acquired business, equity interests issued by the Group, fair value of any asset or liability resulting from a contingent consideration arrangement, and fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(e) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Directors who are responsible for allocating resources and assessing performance of the operating segments. The identification of operating segments is set out in Note 6.

(f) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollar (HK$), which is the Company's functional and the Company's and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated income statement, within finance costs. All other foreign exchange gains and losses are presented in the consolidated income statement on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income ("FVOCI") are recognised in other comprehensive income ("OCI").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Foreign currency translation (Continued)

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

– assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

– income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

– all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(iv) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the shareholders of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translations differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Other properties, plant and equipment

Land and buildings comprise offices occupied by the Group. Leasehold land classified as finance lease and all other properties, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs are charged to the consolidated income statement during the reporting period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

Freehold land with unlimited useful life is not depreciated. Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation of other properties, plant and equipment, other than construction in progress is calculated using the straight-line method to allocate the cost to their residual values over their estimated useful lives at the following annual rates calculated from the acquisition cost:

Leasehold land classified as finance lease	Shorter of remaining lease term or useful life
Buildings	2% – 4%
Furniture, fixtures and equipment	2% – 33 1/3%
Vehicles	20% – 33 1/3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains or losses arising on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated income statement. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of assets to retained earnings.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Investment properties

Investment properties, principally comprising leasehold land and office buildings, are held for long-term rental yields and are not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs. After initial recognition at cost, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets, income capitalisation valuation techniques or discounted cash flow projections. Changes in fair values are recorded in the consolidated income statement as part of a valuation gain or loss.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the reporting period in which they are incurred.

If any investment property becomes owner-occupied, it is reclassified as other property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purpose. Property that is being constructed or developed for future use as investment property is classified as investment property and is carried at fair value. Where fair value is not reliably determinable, such investment property under construction is measured at cost until its fair value becomes reliably determinable.

(i) Properties for sale

Properties for sale comprising properties for/under development and completed properties held for sale are stated at the lower of cost and net realisable value. Development cost of properties comprises cost of land use rights, construction costs and borrowing costs incurred during the construction period. Upon completion, the properties under development are transferred to completed properties held for sale.

Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion.

Properties for sale are classified as current assets unless the construction period of the relevant property development project is expected to be completed beyond normal operating cycle.

(j) Assets classified as held for sale

Assets classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. Investment properties classified as assets held for sale are stated at fair value at the end of the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment of investments in subsidiaries, joint ventures, associates and non-financial assets

Investments in subsidiaries, joint ventures, associates and other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable; in addition, other non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Impairment testing of the investments in subsidiaries, joint ventures or associates is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary, joint venture or associate in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(l) Financial investments, mortgage loan receivables and other financial assets

Classification

The Group classifies its financial investments, mortgage loan receivables and other financial assets either those to be measured subsequently at fair value (either through OCI, or through profit or loss), or those to be measured at amortised cost. The classification depends on the Group's business model for managing the financial investments, mortgage loan receivables and other financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial investments, mortgage loan receivables and other financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial investments, mortgage loan receivables and other financial assets are derecognised when the rights to receive cash flows from the financial investments, mortgage loan receivables and other financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Financial investments, mortgage loan receivables and other financial assets (Continued)

Measurement

At initial recognition, the Group measures a financial investment, mortgage loan receivables and other financial asset at its fair value plus, in the case of financial investments, mortgage loan receivables and other financial assets not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial investments, mortgage loan receivables and other financial assets. Transaction costs of financial investments, mortgage loan receivables and other financial assets carried at FVPL are expensed in profit or loss.

(i) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

– Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial investments, mortgage loan receivables and other financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.

– FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial investments, mortgage loan receivables and other financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial investment and other financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial investments, mortgage loan receivables and other financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidated income statement.

– FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

(ii) Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as revenue when the Group's right to receive payments is established.

Changes in the fair value of financial investments, mortgage loan receivables and other financial assets at FVPL are recognised in other gains/(losses) in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Financial investments, mortgage loan receivables and other financial assets (Continued)

Impairment

The Group assesses on a forward looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group determines whether there has been a significant increase in credit risk in Note 3(a)(iv). The amount of loss is recognised in other gains/(losses) in the consolidated income statement.

For cash at banks, sales proceeds held in stakeholders' accounts, contractual cash flows of financial investments at amortised cost, rent receivables from tenants, mortgage loan receivables and loans to joint ventures and associates, the Group applies the general approach to measure ECL. The ECL is measured on either a 12-month ("12M") or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL are the discounted product of the Probability of Default ("PD"), Exposure at Default ("EAD"), and Loss Given Default ("LGD"), defined as follows:

– The PD represents the likelihood of default on its financial obligation, either over the next 12 months ("12M PD"), or over the remaining lifetime ("Lifetime PD") of the obligation.

– EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months ("12M EAD") or over the remaining lifetime ("Lifetime EAD").

– LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default. LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the financial assets.

The Group adopts a "three-stage" model for impairment based on changes in credit quality since initial recognition, to estimate the ECL. The key definition of the three stages are summarised below:

Stage 1: For financial instruments with no significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with the PD events occurring within 12 months is recognised.

Stage 2: Lifetime ECL — not credit-impaired
For financial instruments with significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset) is recognised.

Stage 3: Lifetime ECL — credit-impaired
For financial instruments are assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit-impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial investments, mortgage loan receivables and other financial assets (Continued)

Impairment (Continued)

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable forward looking information that is relevant and available without undue cost or effort for this purpose. The indicators considered by the Group to perform forward looking analysis are disclosed in Note 3(a)(iv).

The Group assesses whether the credit risk on an exposure has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial instruments are grouped on the basis of shared credit risk characteristics, taking into account instrument type, credit rating, remaining term to maturity and other relevant factors.

If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the provision for loss allowance reverts from Stage 2 or Stage 3 to Stage 1.

For trade receivables and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For all other financial assets, the Group makes periodic collective assessments as well as individual assessment on their recoverability based on historical settlement records and past experience.

(m) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when the Group currently has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

(n) Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

– the amount determined in accordance with the expected credit loss model under HKFRS 9 Financial Instruments and
– the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

(i) hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges); or

(ii) hedges of a net investment in a foreign operation (net investment hedge).

At the inception of the hedging, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedges items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in Note 24. Movements in the hedging reserve in shareholders' equity are shown in the consolidated statement of comprehensive income. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Cash flow hedge that quantify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

When option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the options as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognised in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item ('aligned time value') are recognised within OCI in the costs of hedging reserve within equity.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognised within OCI in the costs of hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedge reserve within equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Derivatives and hedging activities (Continued)

(i) Cash flow hedge that quantify for hedge accounting (Continued)

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

– Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example through cost of sales).

– The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

(ii) Net investment hedge

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in translation reserve. The gain or loss relating to the ineffective portion is recognised in the income statement.

Gains and losses accumulated in translation reserve are reclassified in the income statement when the foreign operation is partially disposed of or sold.

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. They are classified as current or non-current assets or liabilities according to the settlement dates of the derivative instruments. Changes in the fair value of these derivative instruments are recognised in the income statement.

(p) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights 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 a net contract liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the cumulative revenue recognised in the consolidated income statement exceeds cumulative payments made by customers. Conversely, the contract is a liability and recognised as contract liabilities if the cumulative payments made by customers exceeds the revenue recognised in the consolidated income statement.

Contract assets are assessed for impairment under the same approach adopted for impairment assessment of financial assets carried at amortised cost. Contract liabilities are recognised as revenue when the Group transfers the goods or services to the customers and therefore satisfies its performance obligation.

The incremental costs of obtaining a contract with a customer are capitalised and presented as contract related assets, if the Group expects to recover those costs, and are subsequently amortised on a systematic basis that is consistent with the transfer to the customers of the goods or services to which the assets relate. The Group recognises an impairment loss in the consolidated income statement to the extent that the carrying amount of the contract related assets recognised exceeds the remaining amounts of consideration that the Group expects to receive less the costs that directly relate to those goods or services and have not been recognised as expenses.

(r) Cash and cash equivalents

For the purpose of presentation in the consolidated cash flow statement, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(s) Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(t) Perpetual capital securities

Perpetual capital securities have no fixed maturity and are redeemable at the Group's option. The securities are accounted for as part of equity.

(u) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Borrowings

Borrowings (including the fixed rate bonds as disclosed in Note 29) are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(w) Other financial liabilities

The Group classifies and measures its financial liabilities in accordance with the purpose for which the financial liabilities are incurred and managed. The management classifies financial liabilities at fair value through profit or loss if they are managed and their performance measured on fair value basis. A financial liability is derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

Financial liabilities at fair value through profit or loss include other long-term liability disclosed in Note 32. They are initially recognised at fair value and transaction costs are expensed off immediately. Realised or unrealised gains or losses on financial liabilities are charged to the income statement in the period in which they arise. The fair value is estimated by discounting the estimated future contractual cash flows at the current market discount rate which considers the Group's credit risk. Where applicable, a pricing adjustment is applied to arrive at the fair value.

(x) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are expensed in the period in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Current and deferred taxation

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries, joint ventures and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(ii) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(iii) Bonus plans

The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(iv) Retirement benefits cost

Payments to the Group's defined contribution retirement schemes and the Mandatory Provident Fund Scheme are charged as expenses as they fall due. The Group has no legal or constructive obligations to pay further contributions for post-retirement benefits beyond its fixed contributions.

(v) Share-based payments

The Group operates two equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options and incentive shares) of the Group. The fair value of the employee services received in exchange for the grant of the options and incentive shares is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options and incentive shares granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

Non-market vesting conditions are included in assumptions about the number of options and incentive shares that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each balance sheet date, the Group revises its estimates of the number of options and incentive shares that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to employee share-based compensation reserve.

When the options and incentive shares are exercised (Note 35), the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options and incentive shares are exercised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(aa) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(bb) Revenue recognition

Revenue represents sale of properties, rental income, project and property management income, dividend income and interest income from financial investments and other financial assets. Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

(i) Revenue from pre-sale of properties under development is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and laws that apply to the contract, control of the properties under development may transfer over time or at a point in time. If properties have no alternative use to the Group contractually and the Group has an enforceable right to payment for performance completed to date, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the completed property.

The timing of revenue recognition for sale of completed properties would be recognised when the underlying property is legally or physically transferred to the customer under the control transfer model.

The Group currently offers different payment schemes to customers, the transaction price and the amount of revenue for the sale of property would be adjusted when significant financial component exists in that contract.

Certain costs incurred for obtaining a pre-sale property contract would be eligible for capitalisation under HKFRS 15 and match with revenue recognition pattern of related contract.

(ii) Rental income from investment property is recognised on a straight-line basis over the lease term.

(iii) Project and property management income is recognised when the services are rendered.

(iv) Dividends are received from financial investments and other financial assets measured at FVPL and at FVOCI. Dividends are recognised when the right to receive payment is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(bb) Revenue recognition (Continued)

(v) Interest income is recognised by applying the effective interest rate to the gross carrying amount of financial investments, mortgage loan receivables and other financial assets except for financial investments, mortgage loan receivables and other financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial investments, mortgage loan receivables and other financial asset (after deduction of the loss allowance). Interest income from financial investments, mortgage loan receivables and other financial assets at FVPL is included in the net fair value gains/(losses) on these assets.

(cc) Finance income

Finance income is earned from financial investments and other financial assets that are held for cash management purposes. Any other interest income is included in other income.

(dd) Leases

(i) Group as the lessee to operating leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

– fixed payments (including in-substance fixed payments), less any lease incentives receivable
– variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
– amounts expected to be payable by the Group under residual value guarantees
– the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
– payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(dd) Leases (Continued)

(i) Group as the lessee to operating leases (Continued)

To determine the incremental borrowing rate, the Group use recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs, and restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

The Group has adopted Amendment to HKFRS 16 COVID-19 – Related rent concessions retrospectively from 1 January 2020. The amendment provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession related to COVID-19 is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as they would if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

– the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
– any reduction in lease payments affects only payments due on or before 30 June 2021; and
– there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient to all qualifying COVID-19 – Related rent concessions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(dd) Leases (Continued)

(ii) Group as the lessor to operating leases

When assets are leased out under an operating lease, the assets are included in the balance sheet based on the nature of the asset. Lease income is recognised on a straight-line basis over the lease term.

Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income.

The respective leased assets are included in the balance sheet based on their nature.

(ee) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability, other than that assumed in a business combination, is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

A contingent asset is not recognised but is disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(ff) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

(gg) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Grants that compensate the Group for expenses incurred are recognised in the profit or loss as other income on a systematic basis in the period in which the expenses are recognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(hh) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account of the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(ii) Share-based payments

Share-based compensation benefits are provided to employees via the Company's Share Option Plan and share incentive scheme. Information relating to these schemes is set out in note 35.

(i) Share option plan

The fair value of options granted under the Share Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

– including any market performance conditions (e.g. the entity's share price)
– excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
– including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the company revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. When the options are exercised, the Company transfers the appropriate number of shares to employee. The proceeds received net of any directly attributable transaction costs are credited directly to equity.

(ii) Share incentive scheme

Under the employee share scheme, shares issued by the Company to employees for no cash consideration vest immediately on grant date. On this date, the market value of the shares issued is recognised as an employee benefits expense with a corresponding increase in equity.

3. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risks (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to UK pounds, Renminbi and Singapore dollars. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group uses a combination of cross currency swap contracts and forward exchange contracts to hedge its exposure to foreign currency risk.

The intrinsic value of cross currency swap contracts and forward exchange contracts is determined with reference to the relevant spot market exchange rate. The differential between the contracted strike rate and the discounted spot market exchange rate is defined as the time value. It is discounted, where material.

The Group has certain investments in foreign operations in UK, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings, forward exchange contracts and cross currency swap contracts denominated in UK pounds.

At 31 December 2021, the Group has certain financial investments and other financial assets denominated in United States dollar. Under the Linked Exchange Rate System in Hong Kong, Hong Kong dollar is pegged to the United States dollar, management therefore considers that there are no significant foreign exchange risk with respect to the United States dollar.

At 31 December 2021, if HK dollars had weakened/strengthened by 5% against Renminbi with all other variables held constant, equity would have been HK$17.0M (2020: HK$16.0M) higher/lower, mainly as a result of foreign exchange gains/losses on translation of Renminbi-denominated operations.

The Group has entered into cross currency swap contracts to hedge against foreign exchange exposure arising from fixed rate bonds denominated in Singapore dollars. The fixed rate bonds are fully swapped into Hong Kong dollar so as to eliminate foreign exchange fluctuation from Singapore dollar when interest payments and principal repayment of the fixed rate bonds are made in future. The Group has also entered cross currency swap contracts against perpetual capital securities in Singapore dollars.

At 31 December 2021, if HK dollars had weakened/strengthened by 5% against Singapore dollars with all other variables held constant, post-tax profit for the year would have been HK$80.7M (2020: HK$88.6M) higher/lower, mainly as a result of foreign exchange gains/losses on translation of Singapore dollar-denominated financial investments at FVPL and portion of changes in the fair value of cross currency swap contracts for perpetual capital securities in Singapore dollars not qualified for hedge accounting respectively.

3. FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(ii) Interest rate risk

As the Group has no significant interest-bearing assets (other than bank deposits and amounts due from joint ventures), the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group is exposed to changes in interest rates due to its bank borrowings which are disclosed in Note 29 below. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose to the Group to fair value interest rate risk. The Group manages its interest rate exposure based on interest rate level and outlook as well as potential impact on the Group's financial position arising from volatility. Interest rate swap contract is the hedging instrument most commonly used by the Group to manage the interest rate exposure.

If interest rates on mortgage loan receivables had been 50 basis points higher/lower with all other variables held constant, the post-tax profit for the year would have been HK$3.4M (2020: HK$9.5M) lower/higher.

If interest rates on borrowings had been 50 basis points higher/lower with all other variables held constant, the post-tax profit for the year would have been HK$14.8M (2020: HK$8.0M) lower/higher and capitalised interest on "properties for sale" would have been HK$5.2M (2020: HK$1.6M) higher/lower, mainly as a result of higher/lower interest expenses on floating rate borrowings.

In addition, if interest rates had been 50 basis points higher/lower with all other variables held constant, the post-tax profit for the year would have been HK$45.0M (2020: HK$54.0M) higher or HK$46.8M (2020: HK$56.5M) lower, mainly as a result of gain/loss relating to the portion of changes in the fair value of interest rate swap contracts not qualified for hedge accounting.

(iii) Price risk

The Group is exposed to equity securities and debt investments price risk because certain financial assets of the Group are classified in the consolidated balance sheet as financial investments at fair value through profit or loss. The Group is not exposed to commodity price risk.

At 31 December 2021, if market value of the Group's listed financial investments at fair value through profit or loss had increased/decreased by 10% (2020: 10%), with all other variables held constant, post-tax profit for the year would have been HK$62.8M (2020: HK$61.3M) higher/lower. The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months.

(iv) Credit risk

The Group's credit risks are primarily attributable to the Group's cash at banks, sales proceeds held in stakeholders' accounts, contractual cash flows of financial investments carried at amortised cost and at fair value through profit or loss, trade receivables from sale of properties, rent receivables from tenants and mortgage loan receivables, loans to joint ventures and associates.

The Group has limited its credit exposure by ensuring the Group's cash deposits are placed with reputable banks and financial institutions with high credit rating.

The Group has limited its credit exposure from sales proceeds held in stakeholder's account by ensuring the Group only cooperates with the reputable law firm as stakeholders.

3. FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(iv) Credit risk (Continued)

The Group's credit risks on financial investments carried at amortised cost and at fair value through profit or loss are regularly monitored by the management, including the credit ratings from the rating agency if there are credit deterioration, underlying financial capability of issuers, regulatory and business environment. Management consider the credit risk of financial investments to be low because the portfolios of financial investment are rated as investment grade and the co-related default rate reference to the credit rating is low.

In respect of credit exposures to customers for sale of properties, the Group normally receives deposits or progress payments from individual customers prior to the completion of sale transactions. If a customer defaults on the payment of the sale of properties, the Group is able to forfeit the customer's deposit and re-sell the property to another customer. Therefore, the Group's credit risk is significantly reduced.

For trade debtors in relation to rental income, the Group carries out regular review on these balances and follow up action on any overdue amounts to minimise exposures to credit risk. The Group measures the lifetime expected credit losses based on the outstanding balances with debtors, offset with the deposit placed to the Group by the counterparties, and historical credit loss experience adjusted by the current and forecast economic conditions that may affect the ability of the counterparties to settle receivables.

The Group's mortgage loan receivables provided to purchasers of development properties which are secured by first mortgages over properties. Regular review is carried out and stringent monitoring procedures are in place to deal with overdue debts.

At each balance sheet date, the Group reviews the recoverable amount of each individual trade and loan receivables to ensure that adequate provisions for impairment are made for irrecoverable amounts, if any. The Group has no significant concentrations of credit risk on trade and loan receivables.

In respect of credit exposures on loans to joint ventures and associates, the Group would closely monitor the financial positions including the net assets backing of these related companies. The exposure of these credit risks are monitored on an ongoing basis.

The assessment of ECL incorporates forward-looking information and is performed on a quarterly basis at a portfolio level. The criteria used in the assessment are monitored and reviewed periodically for appropriateness by management. The Group considers forward-looking information with reference to the indicators of real GDP growth and unemployment rate.

(v) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group. The Group monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.

Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Corporate and managed by the Group Treasury Department, which invests surplus cash in time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

3. FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(v) Liquidity risk (Continued)

The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows and may not reconcile to the amounts in the balance sheet.

	Less than 1 year HK$'M	Between 1 and 2 years HK$'M	Between 2 and 5 years HK$'M	Over 5 years HK$'M
At 31 December 2021				
Bank and other borrowings	3,567.3	1,391.2	1,775.8	296.1
Derivative financial instruments	108.8	1.4	1.0	–
Trade and other payables and accruals	598.4	46.1	22.6	–
Other long-term liability	–	–	–	32.8
Financial guarantees (Note)	1,391.9	3.2	2,867.6	–
Total	5,666.4	1,441.9	4,667.0	328.9
At 31 December 2020				
Bank and other borrowings	829.7	1,725.9	2,053.7	17.2
Derivative financial instruments	28.2	97.2	14.2	1.8
Trade and other payables and accruals	634.3	47.4	9.3	–
Other long-term liability	–	–	–	48.4
Financial guarantees (Note)	414.8	3,802.5	70.2	–
Total	1,907.0	5,673.0	2,147.4	67.4

Note:

These amounts are financial guarantees from the Group to its joint ventures representing the hypothetical payments should the guarantees be crystalised, however based on the operating results of the joint ventures, the Group does not expect them to be crystalised.

3. FINANCIAL RISK MANAGEMENT (Continued)

(b) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net borrowings divided by total equity which is the Group's capital. Net borrowings are calculated as bank and other borrowings less bank balances and cash.

The gearing ratios at 31 December 2021 and 2020 were as follows:

	2021 HK$'M	2020 HK$'M
Bank and other borrowings	6,804.3	4,379.6
Less: Bank balances and cash	(1,465.5)	(1,190.1)
Net borrowings	5,338.8	3,189.5
Total equity	28,165.8	27,641.0
Gearing ratio	19.0%	11.5%

(c) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

– Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
– Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
– Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

3. FINANCIAL RISK MANAGEMENT (Continued)

(c) Fair value estimation (Continued)

The following table present the Group's financial assets and liabilities that are measured at fair value at 31 December 2021 and 2020 (see Note 15 for disclosures of the investment properties that are measured at fair value).

	Level 1 HK$'M	Level 2 HK$'M	Level 3 HK$'M	Total HK$'M
At 31 December 2021				
Assets				
Financial investments at fair value through profit or loss				
– listed securities	363.4	–	–	363.4
– listed debt investments	264.4	–	–	264.4
Derivative financial instruments				
– interest rate swap contracts	–	59.0	–	59.0
– cross currency swap contracts	–	23.2	–	23.2
– forward exchange contracts	–	25.4	–	25.4
Mortgage loan receivables at fair value through profit or loss	–	–	1,638.1	1,638.1
	627.8	107.6	1,638.1	2,373.5
Liabilities				
Derivative financial instruments				
– interest rate swap contracts	–	12.9	–	12.9
– cross currency swap contracts	–	106.4	–	106.4
Other long-term liability	–	–	32.8	32.8
	–	119.3	32.8	152.1
At 31 December 2020				
Assets				
Financial investments at fair value through profit or loss				
– listed securities	373.2	–	–	373.2
– listed debt investments	164.6	–	–	164.6
– unlisted fund investments	–	75.3	–	75.3
Derivative financial instruments				
– interest rate swap contracts	–	9.7	–	9.7
– cross currency swap contracts	–	52.0	–	52.0
– forward exchange contracts	–	2.1	–	2.1
Mortgage loan receivables at fair value through profit or loss	–	–	1,323.1	1,323.1
	537.8	139.1	1,323.1	2,000.0
Liabilities				
Derivative financial instruments				
– interest rate swap contracts	–	36.4	–	36.4
– cross currency swap contracts	–	93.8	–	93.8
– forward exchange contracts	–	12.6	–	12.6
Other long-term liability	–	–	48.4	48.4
	–	142.8	48.4	191.2

3. FINANCIAL RISK MANAGEMENT (Continued)

(c) Fair value estimation (Continued)

There is no transfer between the different levels of fair value measurement hierarchy of financial instruments for the years ended 31 December 2021 and 2020.

(i) Financial instruments in Level 1:

Listed securities and debt investments are stated at market prices. The quoted market price used for financial assets held by the Group is the bid price at the end of the reporting period. They are included in Level 1.

(ii) Financial instruments in Level 2:

Unlisted fund investments are stated at fair values which are estimated using other prices observed in recent transactions or valuation techniques when the market price is not readily available.

The fair value of forward exchange contracts and cross currency swap contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.

The fair value of interest rate swap contracts is calculated as the present value of the estimated future cash flows based on observable yield curves.

If all significant inputs required to estimate the fair value of an instrument are observable, the instrument is included in Level 2. If one or more of significant inputs is not based on observable market data, the instrument is included in Level 3.

(iii) Financial instruments in Level 3:

The fair value of mortgage loans receivables are determined based on the discounted cash flow projections with reference to the market inputs.

Other long-term liability represents provisions of liabilities in relation to indemnifying a third party against the cost of winding up the pension scheme of the disposed business in 2012.

Valuation processes of the Group

The Group engaged Barnett Waddingham, an independent valuer, to value its long-term liability. Discussion of valuation processes and results are held between the Group's management and valuer at least once every six months, in line with the Group's interim and annual reporting dates. At each reporting date, the Group's management:

- verifies all major inputs to the independent valuation report;
- assesses the liability valuation movements when compared to the prior period valuation report;
- holds discussions with the independent valuer.

The fair value of the long-term liability is determined using a solvency valuation model and the significant unobservable inputs used in the fair value measurement are the forecast price inflation and investment return. The fair value measurement of the liability is positively correlated to the forecast price inflation and negatively correlated to the forecast investment return. As at 31 December 2021, it is estimated that with all other variables held constant, an increase in both the above unobservable inputs by 0.1% (2020: 0.1%) would have increased the Group's profit by HK$0.2M (2020: HK$0.3M).

3. FINANCIAL RISK MANAGEMENT (Continued)

(c) Fair value estimation (Continued)

(iii) Financial instruments in Level 3: (Continued)

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	Mortgage loan receivables at fair value though profit or loss (Note 21)		Other long-term liability (Note 32)	
	2021 HK$'M	**2020 HK$'M**	**2021 HK$'M**	**2020 HK$'M**
Opening balance	1,323.1	5.2	(48.4)	(41.9)
Group's contributions	–	–	1.6	1.2
Fair value gain/(loss) recognised in the consolidated income statement	28.4	(65.3)	14.0	(7.7)
Additions	336.2	1,383.2	–	–
Repayments	(49.6)	–	–	–
Closing balance	1,638.1	1,323.1	(32.8)	(48.4)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Fair value of investment properties

The Group's investment properties are revalued at the balance sheet date on the open market value basis by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the judgement on whether such valuations and assumptions made by the valuers are reasonable, the Group considers information from comparable current prices in an active market for similar properties, capitalisation rates, terminal yield, rental income from current leases and assumptions about rental from future leases and the reversionary income potential and uses assumptions that are mainly based on market conditions existing at each balance sheet date. The main assumptions have been disclosed in Note 15.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(b) Fair value of derivative financial instruments

If information on current or recent prices of derivative financial instruments is not available, the fair values of derivative financial instruments are determined using valuation techniques (including discounted cash flow model or price/earnings multiple model). The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date.

(c) Fair value of financial liabilities at fair value through profit or loss classified under other long-term liability

If information on current or recent prices of financial liabilities at fair value through profit or loss is not available, the fair values of financial liabilities at fair value through profit or loss are determined using valuation techniques (including discounted cash flow model). The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date. The main assumptions have been disclosed in Note 32.

(d) Impairment of financial investments, mortgage loan receivables, amounts due from joint ventures and other financial assets

The loss allowances for financial investments, mortgage loan receivables, amount due from joint ventures and other financial assets are based on assumptions made in ECL assessment of the Group. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's historical settlement records and past experience, existing market conditions as well as forward looking estimates at the end of each reporting period.

(e) Net realisable values of properties for sale

The Group assesses the carrying amounts of properties for sale according to their recoverable amounts based on the realisability of these properties, taking into account estimated costs to completion based on past experience, committed contracts and estimated net sales/rental value based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgement and estimates.

(f) Impairment of assets (mainly investments in joint ventures and associates)

The Group tests whether the investments in joint ventures and associates have suffered any impairment, in accordance with the accounting policy stated in Note 2(k). The recoverable amount of the investment is the higher of the asset's fair value less costs to sell and value-in-use. These calculations require the use of estimates.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(g) Taxation

The Group is subject to income taxes, capital gains tax, land appreciation tax and withholding tax in several jurisdictions as applicable. There are certain transactions and calculations for which the ultimate tax determination may be uncertain. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the financial period in which such determination is made.

The Group has used presumption that the carrying amount of all investment properties except for certain PRC investment properties using fair value model will be recovered through sale. Accordingly, no provision for deferred tax is made on revaluation of investment properties if there is no capital gains tax. The PRC investment properties would be recovered through use which is held within a business model to hold for rental, provision for deferred tax is made on revaluation of investment properties using income tax rate.

Recognition of deferred tax asset, which principally relates to tax losses of certain subsidiaries, depends on the management's expectation of future taxable profit that will be available against which the tax losses can be utilised. The outcome of their actual utilisation may be different.

(h) Accrual of construction costs

It usually takes more than a year after completion of the relevant constructions to finalise and agree with the contractors on overall construction costs (including initial contract sum, variation orders, liquidation damages, if any) for property development. The Group has accrued for construction costs based on the latest information available and directors' best estimate on the likely outcome of negotiation with contractors. If the final construction costs differ from the accruals made, there will be effects on the results of the Group in the year in which construction costs are concluded.

5. REVENUE

Revenue represents the amounts received and receivable from third parties net of value-added tax and discounts in connection with the following activities:

	2021 HK$'M	2020 HK$'M
Sale of properties and project management income	2,652.7	2,021.6
Rental income and property management income	667.0	682.2
Interest income from financial investments	36.5	32.0
Interest income from mortgage loan receivables	47.8	25.7
Dividend income from financial investments	19.2	16.3
	3,423.2	2,777.8

6. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by Executive Directors in order to allocate resources to the segment and to assess its performance.

Segment information are analysed on the basis of the Group's operating divisions. They are (i) Property Development, (ii) Property Investment and Management, (iii) Hospitality Investment and Management and (iv) Others. Others mainly represent investing activities and corporate activities including central management and administrative function.

	Property development HK$'M	Property investment and management HK$'M	Hospitality investment and management HK$'M	Others HK$'M	Elimination HK$'M	Total HK$'M
For the year ended 31 December 2021						
REVENUE						
External sales						
Revenue						
– Recognised at a point in time	2,631.8	–	–	–	–	2,631.8
– Recognised over time	20.9	13.6	10.2	–	–	44.7
Revenue from other sources						
– Rental income	28.2	556.4	58.6	–	–	643.2
– Interest income from financial investments	47.8	–	–	36.5	–	84.3
– Dividend income	–	–	–	19.2	–	19.2
Inter-segment sales	2.3	14.9	–	–	(17.2)	–
Total	2,731.0	584.9	68.8	55.7	(17.2)	3,423.2
RESULTS						
Profit/(loss) before change in fair value of investment properties and financial instruments	997.7	330.9	(10.1)	33.6	–	1,352.1
Change in fair value of						
– investment properties	–	(508.2)	(19.2)	–	–	(527.4)
– financial instruments	77.6	23.4	–	(25.9)	–	75.1
Profit/(loss) from operations	1,075.3	(153.9)	(29.3)	7.7	–	899.8
Finance costs	(58.3)	(30.9)	(10.9)	(25.2)	12.6	(112.7)
Finance income	1.3	4.5	0.1	20.3	(12.6)	13.6
Share of results of joint ventures	49.2	203.4	(9.7)	–	–	242.9
Share of results of associates	–	1.8	–	–	–	1.8
Profit/(loss) before taxation	1,067.5	24.9	(49.8)	2.8	–	1,045.4
Taxation						(127.8)
Profit for the year						917.6
Other item						
Depreciation and amortisation	7.5	1.8	0.3	7.4	–	17.0

6. SEGMENT INFORMATION (Continued)

	Property development HK$'M	Property investment and management HK$'M	Hospitality investment and management HK$'M	Others HK$'M	Elimination HK$'M	Total HK$'M
For the year ended 31 December 2020						
REVENUE						
External sales						
Revenue						
– Recognised at a point in time	2,001.1	–	–	–	–	2,001.1
– Recognised over time	20.5	14.8	10.5	–	–	45.8
Revenue from other sources						
– Rental income	6.3	598.9	51.7	–	–	656.9
– Interest income from financial investments	25.7	–	–	32.0	–	57.7
– Dividend income	–	–	–	16.3	–	16.3
Inter-segment sales	1.5	15.8	–	–	(17.3)	–
Total	2,055.1	629.5	62.2	48.3	(17.3)	2,777.8
RESULTS						
Profit/(loss) before change in fair value of investment properties and financial instruments	318.4	391.2	(13.1)	26.9	–	723.4
Change in fair value of						
– investment properties	(3.9)	(886.9)	(173.7)	–	–	(1,064.5)
– financial instruments	(60.6)	(11.5)	–	(78.3)	–	(150.4)
Profit/(loss) from operations	253.9	(507.2)	(186.8)	(51.4)	–	(491.5)
Finance costs	(41.2)	(51.9)	(18.2)	(18.2)	33.5	(96.0)
Finance income	7.5	2.9	0.1	64.0	(33.5)	41.0
Share of results of joint ventures	59.2	(42.0)	(29.5)	–	–	(12.3)
Share of results of associates	–	3.7	–	–	–	3.7
Profit/(loss) before taxation	279.4	(594.5)	(234.4)	(5.6)	–	(555.1)
Taxation						(60.8)
Loss for the year						(615.9)
Other item						
Depreciation and amortisation	8.7	1.4	0.2	7.9	–	18.2

Inter-segment transactions are entered into under the normal commercial terms and conditions mutually agreed among group companies.

6. SEGMENT INFORMATION (Continued)

The segment assets and liabilities at 31 December 2021 and 2020 and additions to non-current assets for the years then ended are as follows:

	Property development HK$'M	Property investment and management HK$'M	Hospitality investment and management HK$'M	Others HK$'M	Total HK$'M
At 31 December 2021					
ASSETS					
Segment assets (Note a)	11,420.7	16,975.3	2,222.8	2,468.5	33,087.3
Investments in joint ventures and loans to joint ventures	3,927.1	1,370.0	161.5	–	5,458.6
Investments in associates and loans to associates	1.8	46.7	–	–	48.5
	15,349.6	18,392.0	2,384.3	2,468.5	38,594.4
Other assets (Note a)					144.1
Consolidated total assets					38,738.5
LIABILITIES					
Segment liabilities (Note b)	(2,847.8)	(219.7)	(41.3)	(76.2)	(3,185.0)
Other liabilities (Note b)					(7,387.7)
Consolidated total liabilities					(10,572.7)
Additions to non-current assets (Note d)	–	0.9	6.3	0.3	7.5
At 31 December 2020					
ASSETS					
Segment assets (Note a)	8,511.4	17,389.1	2,223.9	2,333.0	30,457.4
Investments in joint ventures and loans to joint ventures	5,691.5	854.8	96.3	–	6,642.6
Investments in associates and loans to associates	1.9	43.8	–	–	45.7
	14,204.8	18,287.7	2,320.2	2,333.0	37,145.7
Other assets (Note a)					100.1
Consolidated total assets					37,245.8
LIABILITIES					
Segment liabilities (Note b)	(4,319.7)	(226.2)	(66.1)	(91.9)	(4,703.9)
Other liabilities (Note b)					(4,900.9)
Consolidated total liabilities					(9,604.8)
Additions to non-current assets (Note d)	7.2	1.7	2.2	2.2	13.3

6. SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's revenue by geographical areas in which the customers are located, irrespective of the origin of the goods/services; and by timing of satisfaction of performance obligations:

	Revenue recognised at a point in time HK$'M	Revenue recognised over time HK$'M	Rental income HK$'M	Interest income from financial investments HK$'M	Dividend income HK$'M	Year ended 31 December 2021 Total HK$'M
Hong Kong	2,631.8	34.9	596.1	47.8	–	3,310.6
United Kingdom	–	–	29.1	–	–	29.1
The PRC	–	6.3	18.0	–	–	24.3
Singapore	–	2.4	–	–	19.2	21.6
Others	–	1.1	–	36.5	–	37.6
	2,631.8	44.7	643.2	84.3	19.2	3,423.2

	Revenue recognised at a point in time HK$'M	Revenue recognised over time HK$'M	Rental income HK$'M	Interest income from financial investments HK$'M	Dividend income HK$'M	Year ended 31 December 2020 Total HK$'M
Hong Kong	2,001.1	35.7	611.1	25.7	–	2,673.6
United Kingdom	–	–	28.6	–	–	28.6
The PRC	–	6.6	17.2	–	–	23.8
Singapore	–	2.0	–	–	16.3	18.3
Others	–	1.5	–	32.0	–	33.5
	2,001.1	45.8	656.9	57.7	16.3	2,777.8

The followings are analyses of the Group's non-current assets including investment properties and other properties, plant and equipment, and additions to non-current assets by geographical areas in which the assets are located.

	Non-current assets (Note c) At 31 December		Additions to non-current assets (Note d) Year ended 31 December	
	2021 HK$'M	2020 HK$'M	2021 HK$'M	2020 HK$'M
Hong Kong	20,471.3	19,088.3	7.5	13.3
United Kingdom	834.9	845.5	–	–
The PRC	537.4	524.1	–	–
	21,843.6	20,457.9	7.5	13.3

6. SEGMENT INFORMATION (Continued)

Notes:

(a) Segment assets consist primarily of investment properties, other properties, plant and equipment, financial investments at amortised cost, financial investments at fair value through profit or loss, other non-current assets, properties for sale, trade and other receivables, deposits and prepayments, other current assets, sales proceeds held in stakeholders' accounts and bank balances and cash. Other assets comprise mainly derivative financial instruments, tax recoverable and deferred tax assets.

(b) Segment liabilities comprise operating liabilities. Other liabilities include tax payable, bank and other borrowings, deferred tax liabilities and derivative financial instruments.

(c) Non-current assets include investment properties and other properties, plant and equipment.

(d) Additions to non-current assets comprise additions to investment properties and other properties, plant and equipment.

The Group's operations are principally located in Hong Kong, the United Kingdom and the People's Republic of China other than Hong Kong (the "PRC").

7. OTHER GAINS, NET

	2021 HK$'M	2020 HK$'M
Compensation income arising from early termination of tenancy agreements	–	2.4
Compensation income arising from early termination of a management agreement	3.3	–
Exchange gains/(losses), net	0.6	(2.5)
Forfeited deposits received from properties sales and rental deposit	5.3	5.0
Gain on disposal of other properties, plant and equipment	–	0.5
Gain on distribution in specie of the joint ventures (Note)	472.2	193.5
Government grants and subsidies	0.2	19.1
Loss on disposal of a subsidiary (Note 27)	–	(2.5)
Management fee income from joint ventures (Note 41(a))	1.7	0.1
Provision for doubtful debts	(5.0)	(5.5)
Others	10.7	5.5
	489.0	215.6

Note:

In May 2021, all unsold residential units of a joint venture project, La Vetta, were distributed to shareholders. The units are held for leasing and classified as investment properties. On the date of distribution, the Group's attributable residential units were distributed at fair value of HK$1,922.9M (Note 15(b)). Therefore, it resulted in a fair value gain of HK$472.2M, net of tax, which was recorded during the year.

In September 2020, all unsold residential units of a joint venture project, Le Cap, were distributed to shareholders. The units are held for leasing and classified as investment properties. On the date of distribution, the Group's attributable residential units were distributed at fair value of HK$977.7M (Note 15(b)). Therefore, it resulted in a fair value gain of HK$193.5M, net of tax, which was recorded in 2020.

8. PROFIT/(LOSS) FROM OPERATIONS

	2021 HK$'M	2020 HK$'M
Profit/(loss) from operations has been arrived at after charging/(crediting) the following:		
Staff costs including directors' remuneration	252.8	266.3
Retirement benefits costs (Note b and c)	10.4	10.8
Total staff costs (Note a)	263.2	277.1
Share-based compensation expenses (Note a)	12.5	14.3
Auditor's remuneration		
– Audit services	5.0	4.6
– Non-audit services	0.7	0.6
Cost of properties included in cost of sales	1,905.6	1,609.3
Depreciation of other properties, plant and equipment (Note 16)	16.7	18.0
Direct operating expenses arising from investment properties generating rental income	155.1	145.8
Gain on disposal of other properties, plant and equipment	–	(0.5)
Loss on disposal of a subsidiary (Note 27)	–	2.5
Gross rental income from investment properties	(643.2)	(656.9)

Notes:

(a) Share-based compensation expenses recognised in the consolidated income statement in respect of share options and incentive shares granted to certain directors and employees are not included in the total staff costs above.

(b) Forfeited contributions totalling HK$3.1M (2020: HK$0.4M) were utilised during the year.

(c) Contribution totalling HK$1.3M (2020: HK$1.4M) were payable to the fund at the year end.

9. BENEFITS AND INTERESTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' remuneration

Details of the remuneration of every director for the year ended 31 December 2021 are set out below:

Name	Directors' fee HK$'000	Salaries and allowances HK$'000	Discretionary bonus HK$'000	Retirement benefit costs – defined contribution plan HK$'000	Sub-total HK$'000	Fair value of share options and incentive shares amortised in 2021 HK$'000 (Note 35)	Total HK$'000
Executive directors							
CHENG Wai Chee, Christopher (Chairman)	25	8,789	–	404	9,218	3,621	12,839
CHENG Wai Sun, Edward (Deputy Chairman and Chief Executive)	25	13,267	5,240	628	19,160	3,621	22,781
CHENG Man Piu, Francis	25	–	–	–	25	–	25
CHOW Wai Wai, John	25	4,668	984	227	5,904	676	6,580
NG Kar Wai, Kenneth	25	6,371	1,923	304	8,623	1,346	9,969
Non-executive directors							
KWOK Ping Luen, Raymond	75	–	–	–	75	–	75
HONG Pak Cheung, William	75	–	–	–	75	–	75
NG Tak Wai, Frederick	75	–	–	–	75	–	75
CHEN CHOU Mei Mei, Vivien	75	–	–	–	75	–	75
Independent non-executive directors							
Simon MURRAY	368	–	–	–	368	–	368
YEUNG Kit Shing, Jackson	433	–	–	–	433	–	433
Haider Hatam Tyebjee BARMA	303	–	–	–	303	–	303
CHENG Hoi Chuen, Vincent	368	–	–	–	368	–	368
LAM Kin Fung, Jeffrey	303	–	–	–	303	–	303
Total	2,200	33,095	8,147	1,563	45,005	9,264	54,269

9. BENEFITS AND INTERESTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(a) Directors' remuneration (Continued)

Details of the remuneration of every director for the year ended 31 December 2020 are set out below:

Name	Directors' fee HK$'000	Salaries and allowances HK$'000	Discretionary bonus HK$'000	Retirement benefit costs – defined contribution plan HK$'000	Sub-total HK$'000	Fair value of share options and incentive shares amortised in 2020 HK$'000 (Note 35)	Total HK$'000
Executive directors							
CHENG Wai Chee, Christopher (Chairman)	25	8,645	–	404	9,074	4,188	13,262
CHENG Wai Sun, Edward (Deputy Chairman and Chief Executive)	25	13,123	5,240	628	19,016	4,188	23,204
CHENG Man Piu, Francis	25	–	–	–	25	–	25
CHOW Wai Wai, John	25	4,643	984	227	5,879	774	6,653
NG Kar Wai, Kenneth	25	6,339	1,977	304	8,645	1,453	10,098
Non-executive directors							
KWOK Ping Luen, Raymond	75	–	–	–	75	–	75
HONG Pak Cheung, William	75	–	–	–	75	–	75
NG Tak Wai, Frederick	75	–	–	–	75	–	75
CHEN CHOU Mei Mei, Vivien	75	–	–	–	75	–	75
Independent non-executive directors							
Simon MURRAY	368	–	–	–	368	–	368
YEUNG Kit Shing, Jackson	433	–	–	–	433	–	433
Haider Hatam Tyebjee BARMA	303	–	–	–	303	–	303
CHENG Hoi Chuen, Vincent	368	–	–	–	368	–	368
LAM Kin Fung, Jeffrey	303	–	–	–	303	–	303
Total	2,200	32,750	8,201	1,563	44,714	10,603	55,317

Notes:

(i) The amounts represented emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertakings.

(ii) During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2020: Nil).

(iii) None of the directors has waived any emoluments during the year (2020: Nil).

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year according to section 22 of Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G).

9. BENEFITS AND INTERESTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(c) Five highest paid individuals

The aggregate emoluments of the five highest paid individuals of the Group in 2021 included four (2020: four) executive directors of the Company whose emoluments are included above. The emoluments of the remaining one (2020: one) highest paid individual are as follows:

	2021 HK$'M	2020 HK$'M
Salaries and allowances	5.2	5.2
Discretionary bonus	1.9	2.0
Retirement benefits costs – defined contribution plan	0.3	0.2
Fair value of share options and incentive shares amortised	1.3	1.5
	8.7	8.9

The emoluments fell within the following bands:

	Number of individual	
	2021	2020
Emoluments bands		
HK$5,000,001 and above	1	1

10. FINANCE COSTS AND FINANCE INCOME

	2021 HK$'M	2020 HK$'M
Finance costs		
Interest expenses on:		
– bank borrowings	56.5	66.0
– fixed rate bonds	87.4	90.7
– other borrowings	11.2	7.0
Total borrowing costs	155.1	163.7
Less: interest capitalised in properties for sale (Note)	(42.4)	(67.7)
	112.7	96.0
Finance income:		
– bank interest income	(4.1)	(27.1)
– other interest income	(9.5)	(13.9)
	(13.6)	(41.0)

Note:

Interest capitalised at rates ranging from 0.7% to 1.3% (2020: 1.1% to 3.9%) per annum.

11. TAXATION

Hong Kong profits tax has been calculated at 16.5% (2020: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged/(credited) to the consolidated income statement represents:

	2021 HK$'M	2020 HK$'M
Current taxation		
– Current tax on profits for the year	98.7	57.6
– Under/(over)-provision in prior years	0.4	(0.3)
	99.1	57.3
Deferred taxation (Note 30)		
– Change in fair value of investment properties	3.9	(3.9)
– Temporary differences on tax depreciation	20.8	21.3
– Utilisation/(recognition) of tax losses	1.5	(11.4)
– Other temporary differences	2.5	(2.5)
	28.7	3.5
Income tax expenses	127.8	60.8

The tax on the Group's profit/(loss) before taxation differs from the theoretical amount that would arise using the profits tax rate of Hong Kong, where majority of the Group's operations were carried out, as follows:

	2021 HK$'M	2020 HK$'M
Profit/(loss) before taxation	1,045.4	(555.1)
Tax calculated at Hong Kong profits tax rate of 16.5% (2020: 16.5%)	172.5	(91.6)
Expenses not deductible for tax purpose	99.8	214.9
Income not subject to tax	(118.0)	(70.6)
Net increase in unrecognised tax losses and other temporary differences	11.7	25.7
Recognition and utilisation of tax losses not previously recognised	(2.9)	(15.9)
Effect of different tax rates of subsidiaries operating in other jurisdictions	0.8	0.9
Under/(over)-provision in prior years	0.4	(0.3)
Tax effect of share of results of joint ventures	(40.1)	2.0
Tax effect of share of results of associates	(0.3)	(0.6)
Net PRC land appreciation tax and other taxes on change in fair value of investment properties (Note)	3.9	(3.7)
Taxation for the year	127.8	60.8

Note:

PRC land appreciation tax ("LAT") is provided at progressive rates ranging from 30% to 60% (2020: 30% to 60%) on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including costs of land use rights and property development expenditures.

There was no tax charge in relation to components of other comprehensive income during the year (2020: Nil).

12. EARNINGS/(LOSS) PER SHARE

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	2021	2020
Profit/(loss) attributable to shareholders of the Company (expressed in HK$'M)	854.4	(674.4)
Weighted average number of ordinary shares in issue	1,354,730,663	1,354,460,672
Basic earnings/(loss) per share	HK$0.63	(HK$0.50)

(b) Diluted

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares at the beginning of the year. The Company has share options and incentive shares outstanding during the year which are dilutive potential ordinary shares. Calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average daily market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding incentive shares.

	2021	2020
Profit/(loss) attributable to shareholders of the Company (expressed in HK$'M)	854.4	(674.4)
Weighted average number of ordinary shares in issue	1,354,730,663	1,354,460,672
Effect of dilutive potential shares issuable under the Company's share incentive scheme	12,197	230,246
Weighted average number of shares for the purpose of calculating diluted earnings/(loss) per share	1,354,742,860	1,354,690,918
Diluted earnings/(loss) per share	HK$0.63	(HK$0.50)

13. DIVIDENDS

	2021 HK$'M	2020 HK$'M
Interim dividend paid on 5 October 2021 of HK6.0 cents (2020: HK6.0 cents) per ordinary share	81.3	81.3
Proposed final dividend of HK21.0 cents (2020: HK21.0 cents) per ordinary share	284.8	284.5
	366.1	365.8

The final dividend is not accounted for as a dividend payable in these financial statements until it has been approved at the forthcoming annual general meeting of the Company.

14. CHANGE IN FAIR VALUE OF FINANCIAL INSTRUMENTS

	2021 HK$'M	2020 HK$'M
Net fair value gain on derivative financial instruments	43.6	2.9
Gain/(loss) on financial liabilities at fair value through profit or loss classified under other long-term liability (Note 32)	14.0	(7.7)
Loss on financial investments at fair value through profit or loss	(10.9)	(80.3)
Gain/(loss) on mortgage loan receivables at fair value through profit or loss	28.4	(65.3)
	75.1	(150.4)

15. INVESTMENT PROPERTIES

	2021 HK$'M	2020 HK$'M
Investment properties comprise:		
Properties in Hong Kong held on:		
Leases of over 50 years	86.3	86.3
Leases of between 10 and 50 years	20,319.2	18,919.7
Properties outside Hong Kong held on:		
Leases of over 50 years	668.1	663.9
Leases of between 10 and 50 years	33.5	33.0
Freehold properties outside Hong Kong	670.6	672.7
	21,777.7	20,375.6

15. INVESTMENT PROPERTIES (Continued)

(a) Valuation processes of the Group

The Group measures its investment properties at fair value. The fair value of the Group's investment properties at 31 December 2021 and 2020 has been determined on the basis of valuations carried out by independent valuers not related to the Group. The Group engaged Savills Valuation and Professional Services Limited, Jones Lang LaSalle Limited, Cushman & Wakefield and Knight Frank Petty Limited to value its investment properties. Discussion of valuation processes and results are held between the Group's management and valuers at least once every six months, in line with the Group's interim and annual reporting dates. At each reporting date, the Group's management:

- verifies all major inputs to the independent valuation report;
- assesses property valuations movements when compared to the prior period valuation report;
- holds discussions with the independent valuers.

Changes in Level 3 fair values are also analysed at each reporting date during the bi-annual valuations discussions date between the Group's management.

(b) Fair value hierarchy

Fair value measurements using significant unobservable inputs (Level 3)

Investment properties within Level 3 fair value hierarchy represent commercial properties, industrial properties, residential units and serviced apartments and others where fair values were generally derived using the income capitalisation, discounted cash flow and direct comparison method.

Income capitalisation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to valuers' view of recent lettings, within the subject properties and other comparable properties.

The discounted cash flow analysis requires periodic net cash flows to be forecasted over the life of the investment property and discounted at a risk-adjusted opportunity cost of capital to arrive at a present value. The discounted cash flow analysis takes into consideration the yearly net cash flows after deductions for expenditure, and having regard to the assumptions made relating to rental growth rate and occupancy rate. The discounted cash flow analysis incorporates an assumed 10-year holding period and the reversionary value in Year Eleven, discounted by an appropriate discount rate to derive at a net present value.

Direct comparison method is based on comparing the sales of other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

As at 31 December 2021 and 2020, all investment properties are under Level 3 measurement.

15. INVESTMENT PROPERTIES (Continued)

(b) Fair value hierarchy (Continued)

Fair value measurements using significant unobservable inputs (Level 3) (Continued)

Movements of investment properties under Level 3 measurements:

	Commercial properties HK$'M	Industrial properties HK$'M	Residential units HK$'M	Serviced apartments and others HK$'M	Total HK$'M
At 1 January 2021	15,635.4	957.9	1,468.8	2,313.5	20,375.6
Change in fair value	(508.3)	–	–	(19.1)	(527.4)
Exchange differences	(3.1)	–	12.7	0.8	10.4
Additions	0.9	–	–	6.3	7.2
Distribution in specie from a joint venture (Note 7)	–	–	1,922.9	–	1,922.9
Finalisation of construction costs upon completion	–	–	–	(11.0)	(11.0)
At 31 December 2021	15,124.9	957.9	3,404.4	2,290.5	21,777.7
At 1 January 2020	16,502.6	959.9	459.4	2,505.4	20,427.3
Change in fair value	(879.6)	(2.0)	–	(182.9)	(1,064.5)
Exchange differences	26.8	–	31.7	2.2	60.7
Additions	1.7	–	–	2.1	3.8
Distribution in specie from a joint venture (Note 7)	–	–	977.7	–	977.7
Finalisation of construction costs upon completion	–	–	–	(13.3)	(13.3)
Transfer to other properties, plant and equipment (Note 16)	(16.1)	–	–	–	(16.1)
At 31 December 2020	15,635.4	957.9	1,468.8	2,313.5	20,375.6

15. INVESTMENT PROPERTIES (Continued)

(b) Fair value hierarchy (Continued)

Fair value measurements using significant unobservable inputs (Level 3) (Continued)

Significant inputs used to determine fair value of investment properties at 31 December 2021 and 2020:

		Range of significant unobservable inputs			
	Valuation method	**Monthly market rents HK$/sq.ft.**	**Unit price HK$/sq.ft.**	**Discount rate %**	**Capitalisation rate %**
At 31 December 2021					
Commercial properties	Income capitalisation	28 to 75	N/A	N/A	3.1 to 4.2
Industrial property	Income capitalisation	13	N/A	N/A	3.2
Residential units	Income capitalisation or direct comparison	25	17,000 to 36,000	N/A	3.0
Serviced apartments and others	Income capitalisation or discounted cash flow	61 to 109	N/A	5.6 to 6.0	2.3 to 3.1
At 31 December 2020					
Commercial properties	Income capitalisation	29 to 76	N/A	N/A	3.2 to 4.2
Industrial property	Income capitalisation	13	N/A	N/A	3.2
Residential units	Income capitalisation or direct comparison	23	17,000 to 36,000	N/A	3.0
Serviced apartments and others	Income capitalisation or discounted cash flow	64 to 99	N/A	5.6 to 6.0	2.3 to 3.0

Market rents are estimated based on valuers' view of recent lettings, within the subject properties and other comparable properties. The higher the rents, the higher the fair value.

Capitalisation rates are estimated by valuers based on the risk profile of the properties being valued. The lower the rates, the higher the fair value.

Discount rates are estimated by valuers based on the risk-adjusted opportunity cost of capital. The lower the rates, the higher the fair value.

The outbreak of COVID-19 which has caused high volatility to hospitality industry and uncertainties to the property market. This disruption has led to material valuation uncertainty to certain investment properties. Consequently, less certainty and higher degree of caution should be attached to the valuation than would normally be the case.

(c) Leasing arrangements

The investment properties are leased to tenants under operating leases.

Minimum lease payments receivable on leases of investment properties are set out in Note 37. None of the leases include significant variable rentals.

16. OTHER PROPERTIES, PLANT AND EQUIPMENT

	Land and buildings HK$'M	Furniture, fixtures and equipment HK$'M	Vehicles HK$'M	Total HK$'M
At cost				
At 1 January 2021	49.1	71.8	38.5	159.4
Additions	–	0.3	–	0.3
Disposals	–	(12.5)	–	(12.5)
At 31 December 2021	49.1	59.6	38.5	147.2
Accumulated depreciation and impairment				
At 1 January 2021	6.4	46.0	24.7	77.1
Provided for the year (Note 8)	0.5	9.5	6.7	16.7
Disposals	–	(12.5)	–	(12.5)
At 31 December 2021	6.9	43.0	31.4	81.3
Net book value				
At 31 December 2021	42.2	16.6	7.1	65.9
At cost				
At 1 January 2020	49.1	47.6	38.2	134.9
Additions	–	8.3	1.2	9.5
Transfer from investment properties (Note 15)	–	16.1	–	16.1
Disposals	–	(0.2)	(0.9)	(1.1)
At 31 December 2020	49.1	71.8	38.5	159.4
Accumulated depreciation and impairment				
At 1 January 2020	5.9	36.1	18.2	60.2
Provided for the year (Note 8)	0.5	10.1	7.4	18.0
Disposals	–	(0.2)	(0.9)	(1.1)
At 31 December 2020	6.4	46.0	24.7	77.1
Net book value				
At 31 December 2020	42.7	25.8	13.8	82.3

17. JOINT VENTURES

	2021 HK$'M	2020 HK$'M
Share of net assets (Note a)	1,635.0	1,365.3
Non-current loans to joint ventures (Note b)	3,787.6	3,868.3
	5,422.6	5,233.6

Details of the principal joint ventures at 31 December 2021 are set out in Note 44. Contingent liabilities relating to the Group's interest in joint ventures are set out in Note 39.

Notes:

(a) Summarised financial information of material joint ventures

Summarised financial information in respect of the Group's material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint ventures' financial statements prepared in accordance with HKFRSs.

(i) Southwater Investments Limited and its subsidiaries ("Southwater Group")

	For the year ended 31 December 2021 HK$'M	2020 HK$'M
Revenue	3.5	8.9
Profit from operations	–	0.2
Profit and total comprehensive income for the year	–	0.2

	2021 HK$'M	2020 HK$'M
Current assets	12,148.6	11,638.9
Current liabilities	(178.7)	(147.9)
Non-current liabilities	(9,701.1)	(9,222.2)
Net assets of Southwater Group	2,268.8	2,268.8
The above amounts include:		
Bank balances and cash	54.9	18.2
Current financial liabilities (excluding trade and other payables and provisions)	(1.3)	(1.4)
Non-current financial liabilities (excluding trade and other payables and provisions)	(9,701.1)	(9,222.2)

17. JOINT VENTURES (Continued)

Notes: (Continued)

(a) Summarised financial information of material joint ventures (Continued)

(i) Southwater Investments Limited and its subsidiaries ("Southwater Group") (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated balance sheet:

	2021 HK$'M	2020 HK$'M
Net assets of Southwater Group	2,268.8	2,268.8
Proportion of the Group's ownership interest in Southwater Group	50%	50%
Carrying amount of the Group's interest in Southwater Group	1,134.4	1,134.4
Loan to Southwater Group	2,020.0	2,000.0
Carrying amount of the Group's interest and loan to Southwater Group	3,154.4	3,134.4

(ii) Kingswood Edge Limited and its subsidiaries ("Kingswood Group")

The summarised financial information of Kingswood Group is set out below:

	For the year ended 31 December	
	2021 HK$'M	2020 HK$'M
Revenue	194.0	187.0
Profit from operations	409.1	19.7
Profit/(loss) for the year	291.3	(78.8)
Other comprehensive loss	(4.2)	(4.4)
Total comprehensive income/(loss) for the year	287.1	(83.2)

	At 31 December	
	2021 HK$'M	2020 HK$'M
Non-current assets	4,383.0	4,431.3
Current assets	152.6	112.5
Current liabilities	(2,904.9)	(217.4)
Non-current liabilities	(1,423.4)	(4,406.2)
Net assets/(liabilities) of Kingswood Group	207.3	(79.8)

17. JOINT VENTURES (Continued)

Notes: (Continued)

(a) Summarised financial information of material joint ventures (Continued)

(ii) Kingswood Edge Limited and its subsidiaries ("Kingswood Group") (Continued)

	At 31 December 2021 HK$'M	2020 HK$'M
The above amounts include:		
Bank balances and cash	119.5	86.4
Current financial liabilities (excluding trade and other payables and provisions)	(2,836.0)	(176.1)
Non-current financial liabilities (excluding trade and other payables and provisions)	(1,397.3)	(4,374.6)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated balance sheet:

	At 31 December 2021 HK$'M	2020 HK$'M
Net assets/(liabilities) of Kingswood Group	207.3	(79.8)
Proportion of the Group's ownership interest in Kingswood Group	50%	50%
Carrying amount of the Group's interest in Kingswood Group	103.7	(39.9)
Loan to Kingswood Group	676.8	656.1
Carrying amount of the Group's interest and loan to Kingswood Group	780.5	616.2

(iii) Aggregate information of the Group's share of results of its joint ventures that are not individually material:

	2021 HK$'M	2020 HK$'M
Profit from operations	139.7	84.6
Profit for the year	97.3	27.0
Other comprehensive loss	(2.3)	(0.7)
Total comprehensive income	95.0	26.3

17. JOINT VENTURES (Continued)

Notes: (Continued)

(b) Loans to joint ventures are unsecured and approximate their fair value. Other than loans of HK$262.4M (2020: HK$328.6M) which bear interest at a fixed rate of 2.9% to 4.3% (2020: 2.9% to 4.3%) per annum, the remaining balances are interest free.

They are denominated in the following currencies:

	2021 HK$'M	2020 HK$'M
HK dollars	2,604.6	4,256.3
UK pounds	1,000.8	876.2
Malaysian Ringgits	218.2	144.8
	3,823.6	5,277.3
Analysed as		
Non-current	3,787.6	3,868.3
Current (Note 23)	36.0	1,409.0
	3,823.6	5,277.3

18. ASSOCIATES

	2021 HK$'M	2020 HK$'M
Share of net assets (Note b)	26.1	23.3
Loans to associates (Note c)	22.4	22.4
	48.5	45.7

Notes:

(a) Details of the principal associates at 31 December 2021 are as follows:

Name of associate	Place of incorporation/ operation	Attributable proportion of issued capital held by the Company indirectly	Principal activities
China Merchants International Cold Chain (Shenzhen) Company Ltd.	People's Republic of China	30%	Cold storage

The above table lists the associates of the Group which, in the opinion of the directors, principally affected the results or net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

18. ASSOCIATES (Continued)

Notes: (Continued)

(b) Aggregate information of the Group's share of revenue, results, and net assets of its associates that are not individually material to the Group:

	2021 HK$'M	2020 HK$'M
Revenue	24.6	28.5
Profit for the year	1.8	3.7
Other comprehensive income	1.0	2.4
Total comprehensive income	2.8	6.1
Net assets	26.1	23.3

(c) Loans to associates are unsecured and not repayable within one year. All balances as at 31 December 2021 and 2020 are interest free.

They are denominated in the following currencies:

	2021 HK$'M	2020 HK$'M
Renminbi	22.4	22.4

As at 31 December 2021, no impairment has been made (2020: Nil) in respective of an aggregate loan amount with principal balance of HK$22.4M (2020: HK$22.4M).

19. FINANCIAL INVESTMENTS AT AMORTISED COST

	2021 HK$'M	2020 HK$'M
Corporate bonds (Note a and c)	715.7	613.5
Certificate of deposits (Note b and c)	–	155.3
	715.7	768.8
Analysed as		
Non-current	375.7	293.3
Current	340.0	475.5
	715.7	768.8
Market value	679.1	769.7

The market value was determined by reference to published price quotations in an active market. They are classified as Level 1 in the fair value hierarchy.

19. FINANCIAL INVESTMENTS AT AMORTISED COST (Continued)

Notes:

(a) At 31 December 2021, the corporate bonds with maturity within one year are HK$340.0M (2020: HK$320.2M) which carry fixed coupon rates ranging from 2.8% to 7.1% (2020: 3.1% to 8.5%). The corporate bonds with maturity between one and two years are HK$71.7M (2020: HK$208.0M) which carry fixed coupon rates ranging from 2.5% to 5.8% (2020: 2.8% to 6.7%). The corporate bonds with maturity between two and five years are HK$279.8M (2020: HK$61.3M) which carry fixed coupon rates ranging from 2.4% to 5.5% (2020: 2.5% to 4.7%). The corporate bonds with maturity over five years are HK$24.2M (2020: HK$24.0M) which carry fixed coupon rates ranging from 4.1% to 4.5% (2020: 4.1% to 4.5%).

At 31 December 2021, listed corporate bonds are HK$705.4M (2020: HK$597.4M) and unlisted corporate bonds are HK$10.3M (2020: HK$16.1M).

(b) At 31 December 2021, there was no certificate of deposit. At 31 December 2020, the certificate of deposits, other than the zero-coupon certificate of deposits, with maturity within one year carried fixed interest rates ranging from 0.4% to 0.6%.

(c) The financial investments at amortised cost are denominated in the following currencies:

	2021 HK$'M	2020 HK$'M
United States dollars	699.4	750.4
HK dollars	16.3	18.4
	715.7	768.8

20. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 HK$'M	2020 HK$'M
REIT investments listed overseas (Note a)	362.9	372.8
Listed debt securities (Note b)	264.4	164.6
Unlisted fund investments (Note c)	–	75.3
Others	0.5	0.4
	627.8	613.1
Analysed as		
Non-current	627.8	537.8
Current	–	75.3
	627.8	613.1

20. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Notes:

(a) The Real Estate Investment Trust ("REIT") investments mainly represent the Group's investment, Suntec Real Investment Trust, which is incorporated and listed in Singapore.

(b) The listed debt securities represent the Group's investment in perpetual bonds with fixed interest at rates ranging from 1.6% to 7.9% (2020: 1.6% to 7.9%).

(c) Unlisted fund investments represent money market funds held with licensed banks with interest rates of 0.3% in 2020.

(d) The Group classifies the following financial investments at FVPL:

- Debt investments that do not qualify for measurement at either amortised cost (Note 19) or FVOCI,
- Equity investments that are held for trading, and
- Equity investments for which the Group has not elected to recognise fair value gains and losses through OCI.

(e) The financial investments at fair value through profit or loss are denominated in the following currencies:

	2021 HK$'M	2020 HK$'M
Singapore dollars	363.4	373.2
United States dollars	224.2	199.6
Hong Kong dollars	40.2	40.3
	627.8	613.1

(f) The maximum exposure to credit risk at the balance sheet date is the fair value of each class of financial investments mentioned above.

21. OTHER NON-CURRENT ASSETS/OTHER CURRENT ASSETS

	2021 HK$'M	2020 HK$'M
Mortgage loan receivables		
– at fair value through profit or loss	1,638.1	1,323.1
– at amortised cost (Note a)	154.2	182.9
	1,792.3	1,506.0
Analysed as		
Non-current	585.4	1,500.7
Current	1,206.9	5.3
	1,792.3	1,506.0

Mortgage loan receivables are advances to purchasers of development properties of the Group and are secured by first mortgages on the related properties. The Group has not provided any impairment loss for its mortgage loan receivables during the year (2020: Nil).

Note:

(a) The fair value of mortgage loans receivables approximate their carrying amounts.

22. PROPERTIES FOR SALE

	2021 HK$'M	2020 HK$'M
Properties for/under development held for sale (Note)	5,080.8	4,097.7
Completed properties	621.2	146.1
	5,702.0	4,243.8

Note:

The amount of properties for/under development held for sale expected to be recovered within one year is HK$2,223.5M (2020: HK$2,204.5M). The amount of properties for/under development held for sale expected to be recovered after more than one year is HK$2,857.3M (2020: HK$1,893.2M).

23. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021 HK$'M	2020 HK$'M
Trade receivables (Note b to d)	16.3	14.8
Deferred rent receivables	15.8	13.6
Amounts due from joint ventures (Note f)	6.9	7.4
Loans to joint ventures (Note f and 17(b))	36.0	1,409.0
Contract assets (Note g)	109.8	178.3
Other receivables, deposits and prepayments (Note h)	79.7	88.5
	264.5	1,711.6

Notes:

(a) The fair values of trade and other receivables, deposits and prepayments approximate their carrying amounts.

(b) The Group allows different credit periods to its customers. Credit periods vary from 30 to 90 days in accordance with industry practice. Sales proceeds receivable from sale of properties are settled in accordance with the terms of respective contracts. The following is an ageing analysis of the Group's trade receivables (net of provision) at 31 December, based on the invoice dates:

	2021 HK$'M	2020 HK$'M
0 – 30 days	10.2	9.1
31 – 90 days	2.6	2.6
Over 90 days	3.5	3.1
	16.3	14.8

(c) As of 31 December 2021, HK$10.9M of the trade receivables was impaired (2020: HK$6.0M).

(d) The trade receivables (net of provision) are denominated in the following currencies:

	2021 HK$'M	2020 HK$'M
HK dollars	6.9	6.4
Renminbi	5.1	4.6
Other currencies	4.3	3.8
	16.3	14.8

23. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Notes: (Continued)

(e) The maximum exposure to credit risk at the balance sheet date is the fair value of each class of receivables mentioned above.

(f) Amounts due from and loans to joint ventures are unsecured and repayable on demand. As at 31 December 2021 and 2020, all balances were interest free.

(g) It mainly represents sales commissions incurred for obtaining property sales contracts.

(h) At 31 December 2021, none of the other receivables and deposits was past due nor contained impaired assets (2020: Nil).

24. DERIVATIVE FINANCIAL INSTRUMENTS

	2021		2020	
	Assets HK$'M	Liabilities HK$'M	Assets HK$'M	Liabilities HK$'M
Interest rate swap contracts (Note)				
– cash flow hedges	–	–	–	(0.4)
– not qualifying as hedges	59.0	(12.9)	9.7	(36.0)
	59.0	(12.9)	9.7	(36.4)
Cross currency swap contracts (Note)				
– cash flow hedges	–	(105.0)	–	(93.1)
– net investment hedges	11.5	–	10.8	–
– not qualifying as hedges	11.7	(1.4)	41.2	(0.7)
	23.2	(106.4)	52.0	(93.8)
Forward exchange contracts (Note)				
– net investment hedges	24.5	–	2.1	(12.4)
– not qualifying as hedges	0.9	–	–	(0.2)
	25.4	–	2.1	(12.6)
	107.6	(119.3)	63.8	(142.8)
Analysed as				
Non-current	98.8	(2.3)	63.1	(110.2)
Current	8.8	(117.0)	0.7	(32.6)
	107.6	(119.3)	63.8	(142.8)

Note:

The notional amounts of derivative financial instruments outstanding at 31 December were as follows:

	2021 HK$'M	2020 HK$'M
Interest rate swap contracts	1,558.0	1,753.5
Cross currency swap contracts	2,207.3	2,207.3
Forward exchange contracts	984.6	735.1

24. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Note: (Continued)

The portion of changes in fair value of derivative financial instruments not qualified as hedges are recognised in the consolidated income statement and amounted to gain of HK$43.6M (2020: HK$2.9M).

Maturity date of derivative financial instruments ranges from January 2022 to July 2030 (2020: January 2021 to July 2030).

At 31 December 2021, the fixed interest rates under interest rate swap contracts ranges from 0.8% to 1.9% (2020: 0.5% to 1.9%) per annum and the floating rate is Sterling Overnight Index Average (SONIA) and Hong Kong Interbank Offered Rate (HIBOR) (2020: the floating rate is London Interbank Offered Rate (LIBOR), USD LIBOR and HIBOR). The effective portion of gains and losses on interest rate swap contracts qualifying for hedge accounting are recognised in the hedging reserve in equity and are released to the consolidated income statement to match relevant interest payments which are mainly calculated using HIBOR upon maturity.

At 31 December 2021, forward rate under forward exchange contracts mainly on GBP/HKD ranges from 10.7 to 10.9 (2020: 10.5 to 10.9) and GBP/USD is 1.4 (2020: 1.3 to 1.4) and hedged rate under cross currency swap contracts mainly on SGD/HKD ranges from 5.7 to 6.3 (2020: 5.7 to 6.3).

The Group's reserves related to the following hedging instruments:

	Cash flow hedge reserve HK$'M	Net investment hedge reserve HK$'M	Share of hedging reserve of a joint venture HK$'M	Total HK$'M
At 1 January 2021	(15.0)	17.2	(0.6)	1.6
Change in fair value of hedging instruments recognised in OCI	(11.6)	21.9	–	10.3
Change in value of hedged items	15.7	0.4	–	16.1
Others	–	0.4	0.6	1.0
At 31 December 2021	(10.9)	39.9	–	29.0
At 1 January 2020	(10.7)	20.8	(1.1)	9.0
Change in fair value of hedging instruments recognised in OCI	9.5	(8.0)	–	1.5
Change in value of hedged items	(13.8)	3.8	–	(10.0)
Others	–	0.6	0.5	1.1
At 31 December 2020	(15.0)	17.2	(0.6)	1.6

25. SALES PROCEEDS HELD IN STAKEHOLDERS' ACCOUNTS

The balances represent property sale proceeds received, monitored by external solicitors and are restricted in use. They are denominated in HK dollars. The carrying amounts of the balances approximate their fair values.

26. BANK BALANCES AND CASH

Cash and cash equivalents for the purpose of the consolidated cash flow statement include the following:

	2021 HK$'M	2020 HK$'M
Bank balances and cash	1,465.5	1,190.1
Less: Deposits with maturity of more than three months	–	(250.0)
Cash and cash equivalents in consolidated cash flow statement	1,465.5	940.1

Bank balances and cash include short-term bank time deposits of HK$848.9M (2020: HK$455.7M) with an average interest rate of 0.6% (2020: 0.7%) per annum.

Cash and short-term deposits of HK$25.6M (2020: HK$26.2M) are held in the PRC and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividend.

The Group's bank balances and cash are denominated in the following currencies:

	2021 HK$'M	2020 HK$'M
HK dollars	1,211.6	943.2
US dollars	173.3	192.4
Renminbi	37.6	28.6
UK pounds	28.5	14.7
Singapore dollars	14.5	11.2
	1,465.5	1,190.1
Maximum exposure to credit risk	1,465.2	1,189.3

27. LOSS ON DISPOSAL OF A SUBSIDIARY

In 2019, an agreement was entered into by Global Best Development Limited, a subsidiary of the Group in respect of the disposal of its wholly-owned subsidiary, which holds the entire interest of an industrial complex situated at Ruyuan County, Guangdong Province, PRC. The disposal was completed in April 2020. Disposal loss was arrived as follows:

	2020 HK$'M
Net proceeds from disposal of a subsidiary	14.2
Less: Net asset value of a subsidiary	(16.1)
Transaction cost	(0.6)
Loss on disposal of a subsidiary (Note 7 and 8)	(2.5)

28. TRADE AND OTHER PAYABLES AND ACCRUALS

	2021 HK$'M	2020 HK$'M
Trade payables (Note b and c)	9.7	8.8
Contract liabilities (Note a)	2,341.0	3,817.7
Rental deposits received	163.7	161.3
Construction costs payable	158.4	211.4
Amounts due to joint ventures (Note e)	73.5	70.3
Amounts due to an associate (Note e)	2.0	–
Other payables and accruals (Note d)	403.9	386.0
	3,152.2	4,655.5

Notes:

(a) It represents sales deposits received from property sales.

(b) The ageing analysis of the Group's trade payables based on invoice date at 31 December is as follows:

	2021 HK$'M	2020 HK$'M
0 – 30 days	6.2	7.2
31 – 90 days	3.3	1.2
Over 90 days	0.2	0.4
	9.7	8.8

The carrying values of the Group's trade and other payables approximate their fair values.

(c) All trade payables are denominated in HK dollars.

(d) Included in other payables and accruals are balances of HK$30.9M (2020: HK$28.2M) and HK$20.5M (2020: HK$23.1M) which are denominated in UK pounds and Renminbi respectively. The remaining balances are mainly denominated in HK dollars.

(e) Amounts due to joint ventures and an associate are unsecured, interest-free and repayable on demand.

29. BANK AND OTHER BORROWINGS

	2021 HK$'M	2020 HK$'M
Bank borrowings (Note a)	4,602.4	2,245.9
Fixed rate bonds (Note b)	1,664.9	1,878.6
Loans from non-controlling interests (Note c)	537.0	255.1
	6,804.3	4,379.6

The maturity of the bank and other borrowings are as follows:

	2021 HK$'M	2020 HK$'M
Within one year	3,458.1	725.9
Between one and two years	1,345.1	1,629.0
Between two and five years	1,755.2	2,008.3
After five years	245.9	16.4
	6,804.3	4,379.6
Less: Amounts due within one year shown under current liabilities	(3,458.1)	(725.9)
Amounts due after one year	3,346.2	3,653.7
Analysed as		
Secured	2,047.2	2,096.3
Unsecured	4,757.1	2,283.3
	6,804.3	4,379.6

The carrying amounts of the bank and other borrowings are denominated in the following currencies:

	2021 HK$'M	2020 HK$'M
HK dollars	5,044.8	2,689.4
Singapore dollars	983.0	997.2
UK pounds	727.5	638.3
Renminbi	49.0	54.7
	6,804.3	4,379.6

29. BANK AND OTHER BORROWINGS (Continued)

Notes:

(a) Bank facilities are secured by certain properties and financial investments at amortised cost of the Group amounting to HK$4,600.0M (2020: HK$6,153.5M) (Note 40). The bank borrowings bear interests at floating interest rates.

(b) Details of the Group's fixed rate bonds at 31 December 2021 are as follows:

Principal amount	Coupon rate per annum	Coupon payment term	Issue date	Maturity date	Note
SGD170 million*	4.25%	semi-annual basis	29 November 2012	29 November 2022	(e)
HK$480 million	3.95%	quarterly basis	25 January 2013	25 January 2023	–
HK$100 million	3.80%	quarterly basis	24 May 2013	24 May 2023	(f)
HK$100 million	4.50%	quarterly basis	27 November 2014	27 November 2024	–

* Listed on Singapore Exchange Limited (SGD represents Singapore dollars)

All the above fixed rate bonds are guaranteed by the Company.

During the year, HK$100M at a fixed rate of 4.3% bond which matured in August 2021 and HK$100M at a fixed rate of 4.1% bond which matured in October 2021 were fully redeemed.

(c) At 31 December 2021, loans from non-controlling interests of HK$483.6M (2020: HK$198.9M) bear interest at a fixed rate of 1.3% to 4.1% (2020: 2.7% to 3.5%), the remaining balances are interest free.

(d) At 31 December 2021 and 2020, the bank and other borrowings have an average effective interest rate of 2.1% (2020: 2.5%) per annum.

(e) As at 31 December 2021 and 2020, the Group had cross currency swap arrangements with banks to swap the fixed rate bonds of principal SGD170M and the relevant interest payments to Hong Kong dollar to match the currency exposures of the fixed rate bonds.

(f) As at 31 December 2021 and 2020, the Group had cross currency swap arrangements with a bank to swap the fixed rate bonds of principal HK$100M and the relevant interest payments to UK pounds to match the currency exposures of one of the Group's UK investments.

(g) The carrying amounts of fixed rate bonds approximate their fair values.

30. DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and where the deferred taxation relates to the same fiscal authority. The amounts shown on the consolidated balance sheet are as follows:

	2021 HK$'M	2020 HK$'M
Deferred tax liabilities	385.1	366.6
Deferred tax assets	(17.6)	(31.3)
	367.5	335.3

The gross movements of the deferred tax liabilities/(assets) recognised are as follows:

	Tax depreciation HK$'M	Revaluation of properties HK$'M	Tax losses HK$'M	Others HK$'M	Total HK$'M
At 1 January 2021	241.5	137.3	(48.5)	5.0	335.3
Exchange adjustments	–	3.5	–	–	3.5
Charge to the consolidated income statement for the year (Note 11)	20.8	3.9	1.5	2.5	28.7
At 31 December 2021	262.3	144.7	(47.0)	7.5	367.5
At 1 January 2020	220.2	132.5	(37.2)	7.5	323.0
Exchange adjustments	–	8.7	0.1	–	8.8
Charge/(credit) to the consolidated income statement for the year (Note 11)	21.3	(3.9)	(11.4)	(2.5)	3.5
At 31 December 2020	241.5	137.3	(48.5)	5.0	335.3

At 31 December 2021, the Group has unused tax losses and other temporary differences of approximately HK$1,381.7M (2020: HK$1,386.9M) available for offset against future profits. Deferred tax asset has been recognised in respect of HK$287.6M (2020: HK$298.1M) of such unused tax losses for which the realisation of the related tax benefit through the future taxable profits is probable. No deferred tax asset has been recognised in respect of the remaining tax losses and other temporary differences of HK$1,094.0M (2020: HK$1,088.8M) due to the unpredictability of future profit streams of some of the subsidiaries. Included in unrecognised tax losses are losses of HK$2.1M (2020: HK$11.0M) that will expire in the next five years. Other losses may be carried forward indefinitely.

At 31 December 2021 and 2020, there was no significant unrecognised deferred tax liability for taxes that would be payable on the unremitted earnings of the Group's subsidiaries as the Group has no liability to additional tax should such amounts be remitted.

Deferred taxation at the balance sheet date is mainly expected to be realised or settled after more than 12 months.

31. CASH FLOW INFORMATION

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Bank borrowings HK$'M (Note 29)	Fixed rate bonds HK$'M (Note 29)	Loan from non-controlling interests HK$'M (Note 29)	Other long-term liability HK$'M (Note 32)	Derivative financial instruments HK$'M (Note 24)	Total HK$'M
As at 1 January 2021	2,245.9	1,878.6	255.1	48.4	79.0	4,507.0
Net financing cash inflow/(outflows)	2,354.9	–	274.9	–	(13.4)	2,616.4
Net fair value gain on derivative financial instruments	–	–	–	–	(43.6)	(43.6)
Change in fair value of hedging instruments recognised in OCI	–	–	–	–	(10.3)	(10.3)
Gain on financial liabilities at fair value through profit or loss classified under long-term liability	–	–	–	(14.0)	–	(14.0)
Exchange differences	4.7	(15.6)	–	–	–	(10.9)
Redemption on fixed rate bonds	–	(200.0)	–	–	–	(200.0)
Others	(3.1)	1.9	7.0	(1.6)	–	4.2
As at 31 December 2021	4,602.4	1,664.9	537.0	32.8	11.7	6,848.8
As at 1 January 2020	2,655.7	1,861.3	164.4	41.9	80.1	4,803.4
Net financing cash inflow/(outflows)	(434.9)	–	85.4	–	3.2	(346.3)
Net fair value gain on derivative financial instruments	–	–	–	–	(2.9)	(2.9)
Change in fair value of hedging instruments recognised in OCI	–	–	–	–	(1.4)	(1.4)
Loss on financial liabilities at fair value through profit or loss classified under long-term liability	–	–	–	7.7	–	7.7
Exchange differences	27.3	13.9	–	–	–	41.2
Others	(2.2)	3.4	5.3	(1.2)	–	5.3
As at 31 December 2020	2,245.9	1,878.6	255.1	48.4	79.0	4,507.0

Major non-cash transactions

Non-cash investing activity relating to addition to investment properties is disclosed in Note 7 and Note 15.

32. OTHER LONG-TERM LIABILITY

Other long-term liability represents provision for liabilities in relation to indemnifying the purchaser against the cost of winding up the pension scheme of Gieves & Hawkes Group in the disposal of Gieves & Hawkes Group in 2012. The amount is measured at fair value and the key assumptions include investment return of 0.7% (2020: 0.2%), price inflation of 3.3% (2020: 2.9%), pension increases of 2.7% to 6.5% (2020: 2.4% to 3.7%) and a number of demographic assumptions have been used in the fair value estimates. There is unconditional right to defer payment for more than 12 months.

33. SHARE CAPITAL

	Number of ordinary shares of HK$0.50 each	Amount HK$'M
Authorised:		
At 1 January 2020, 31 December 2020 and 31 December 2021	2,000,000,000	1,000.0
Issued and fully paid:		
At 1 January 2021	1,354,530,279	677.3
Issue of shares on exercise of incentive shares (Note 35)	212,000	0.1
At 31 December 2021	1,354,742,279	677.4
At 1 January 2020	1,352,619,279	676.3
Issue of shares on exercise of share options and incentive shares (Note 35)	1,911,000	1.0
At 31 December 2020	1,354,530,279	677.3

34. PERPETUAL CAPITAL SECURITIES

Under the US$1 billion Medium Term Note Programme, Wing Tai Properties (Finance) Limited, a wholly-owned subsidiary of the Group, issued S$260 million 4.35% unrated senior guaranteed perpetual capital securities (the "Securities") which are listed on Singapore Exchange Securities Trading Limited in 2017.

The Group accounted for the Securities as equity instruments pursuant to HKFRSs issued by the HKICPA for the purposes of the Group's consolidated financial statements.

35. SHARE OPTION PLAN AND SHARE INCENTIVE SCHEME

(a) On 27 October 2015, the Company adopted a Share Option Plan ("Share Option Plan"), under which, the Board of Directors of the Company (the "Board") or a duly authorised committee thereof (the "Committee"), may in its absolute discretion, grant options to any eligible participants to subscribe for shares of the Company.

In accordance with the requirements of the Listing Rules, a summary of the Share Option Plan is set out below:

i) Purpose

The purpose of the Share Option Plan is to facilitate the grant of options over shares by the Company to persons selected at the discretion of the Board in order to incentivise and retain such persons.

35. SHARE OPTION PLAN AND SHARE INCENTIVE SCHEME (Continued)

(a) (Continued)

In accordance with the requirements of the Listing Rules, a summary of the Share Option Plan is set out below: (Continued)

ii) Participants

The Board or the Committee may determine at its sole discretion, on a general or case-by-case basis, a person is eligible to be granted an option if he is a director, employee, officer, consultant, former director, former employee, former officer or former consultant of any member of the Group.

iii) Total number of shares available for issue

As at the date of this annual report, the total number of shares available for issue in respect of which options may be granted under the Share Option Plan is 108,734,502, representing approximately 8.0% of the shares in issue as at that date.

iv) Maximum entitlement of each participant

Subject always to the Listing Rules, the total number of shares issued and to be issued upon exercise of share options granted and to be granted to each participant (including both exercised and outstanding share options) in any 12-month period must not exceed 1% of the shares in issue.

v) Period within which the shares must be taken up

Any options granted but not exercised within the exercise period should be cancelled. The exercise period in relation to an option is the period which starts on the vesting date and ends on the day before the tenth anniversary of the date of grant unless the Board or the Committee sets a shorter period at the time of grant.

vi) Minimum period for which an option must be held before it can be exercised

The Share Option Plan does not specify a minimum period for which an option must be held before it can be exercised unless the Board or the Committee specifies a minimum period at the time of grant.

vii) Offer and acceptance

Options granted must be accepted within 28 days from the date of grant. A consideration of HK$1 is payable on acceptance of the grant of options.

viii) Basis of determining the exercise price

The exercise price for an option shall be at least the higher of: (i) the closing price of the shares of the Company as stated in the daily quotation sheet of the Stock Exchange on the date of grant; and (ii) the average closing price of the shares of the Company as stated in the daily quotation sheet of the Stock Exchange for the five trading days immediately preceding the date of grant.

ix) Remaining life

The Share Option Plan will expire on 26 October 2025.

35. SHARE OPTION PLAN AND SHARE INCENTIVE SCHEME (Continued)

(a) (Continued)

Details of the share options granted pursuant to the Share Option Plan during the year are as follows:

	Date of grant	Exercise price per share options HK$	Number of share options: As at 1.1.2021	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	As at 31.12.2021
Director							
CHENG Wai Chee, Christopher	27.3.2018	6.10	667,500	–	–	–	667,500
	23.1.2019	5.766	1,000,000	–	–	–	1,000,000
	17.1.2020	5.17	1,077,000	–	–	–	1,077,000
	19.1.2021	3.69	–	1,421,000	–	–	1,421,000
CHENG Wai Sun, Edward	27.3.2018	6.10	667,500	–	–	–	667,500
	23.1.2019	5.766	1,000,000	–	–	–	1,000,000
	17.1.2020	5.17	1,077,000	–	–	–	1,077,000
	19.1.2021	3.69	–	1,421,000	–	–	1,421,000
CHOW Wai Wai, John	27.3.2018	6.10	120,000	–	–	–	120,000
	23.1.2019	5.766	177,000	–	–	–	177,000
	17.1.2020	5.17	206,000	–	–	–	206,000
	19.1.2021	3.69	–	267,000	–	–	267,000
NG Kar Wai, Kenneth	27.3.2018	6.10	30,750	–	–	–	30,750
	23.1.2019	5.766	382,000	–	–	–	382,000
	17.1.2020	5.17	390,000	–	–	–	390,000
	19.1.2021	3.69	–	536,000	–	–	536,000
Employees	27.3.2018	6.10	603,000	–	–	–	603,000
	23.1.2019	5.766	935,000	–	–	–	935,000
	17.1.2020	5.17	922,000	–	–	–	922,000
	19.1.2021	3.69	–	1,271,000	–	–	1,271,000
Total			9,254,750	4,916,000	–	–	14,170,750

The Share Option Plan shall be valid and effective for a period of 10 years commencing from its date of adoption. The Company will provide subscription money to the option holders in the event that they exercise their share options when the closing market price of the Company's shares on the exercise day is equal to or higher than the exercise price of share options concerned. During the year ended 31 December 2020, 3,672,000 share options were granted and 1,593,000 share options were exercised.

35. SHARE OPTION PLAN AND SHARE INCENTIVE SCHEME (Continued)

(b) Fair values of share options granted

The fair values of share options granted during the year ended 31 December 2021 are determined using the Binomial Model (the "Model"). Key assumptions of the Model are as follows:

Risk-free rate	0.78%
Expected dividend yield	7.32%
Expected volatility of the market price of the Company's shares	22.29%
Expected life	10 years from the date of grant
Estimated fair value per share option	HK$0.24

The Model requires the input of subjective assumptions, including the volatility of share price. Because changes in subjective assumptions can materially affect the fair value estimate, in the directors' opinion, the existing model does not necessarily provide a reliable single measure of the fair value of share options.

(c) Under a Share Incentive Scheme approved by shareholders of the Company on 17 June 2005 ("Share Incentive Scheme"), the Board of Directors of the Company or a duly authorised committee thereof had made offers of awards to selected employees (including executive directors of the Company) of the Group ("Eligible Employees") to subscribe in cash at par for shares of the Company. The Company will provide to the Eligible Employees the funds required to subscribe for the shares issued under the Share Incentive Scheme.

The Share Incentive Scheme expired on 16 June 2015 and no further incentive shares can be granted under the Share Incentive Scheme but the provisions of the Share Incentive Scheme remain in full force and effect in all other respects in relation to the incentive shares granted. All outstanding incentive shares granted and yet to be vested and exercised shall remain valid. As at the date of this report, there was no share of the Company which may be issued pursuant to the Share Incentive Scheme.

During the year, details of the outstanding incentive shares awarded pursuant to the Share Incentive Scheme are as follows:

		Number of incentive shares		
	Date of award	**As at 1.1.2021**	**Vested and exercised during the year**	**As at 31.12.2021**
Director				
NG Kar Wai, Kenneth	15.6.2015	212,000	(212,000)	–
Total		212,000	(212,000)	–

The incentive shares awarded are subject to a vesting scale of 25%, 25% and 50% starting respectively from the first anniversary, the second anniversary and the third anniversary of the date of award. All the incentive shares awarded shall be valid for ten years until the day before the tenth anniversary of the date of award.

During the year ended 31 December 2021, no incentive shares (2020: Nil) were awarded and 212,000 (2020: 318,000) incentive shares were vested and exercised.

The weighted average closing price of the shares immediately before the dates on which incentive shares were exercised was HK$3.71 (2020: HK$5.16).

36. RESERVES

Movements in the reserves of the Group are disclosed in the consolidated statement of changes in equity.

Nature and purpose of reserves

(a) Share premium

The application of the share premium account is governed by Section 40 of the Companies Act 1981 of Bermuda.

(b) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition of the hedged cash flow in accordance with the accounting policy adopted for cash flow hedges in Note 2(o).

(c) Employee share-based compensation reserve

The employee share-based compensation reserve comprises the cumulative value of employee services received for the grant of share options and incentive shares, which is transferred to share premium upon exercise of share options and incentive shares.

(d) Other property revaluation reserve

Other property revaluation reserve has been set up and is dealt with in accordance with the accounting policies adopted for land and buildings held for own use in Note 2(g).

(e) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations and gain or loss on the hedging instrument relating to the effective portion of the net investment hedge. The reserve is dealt with in accordance with the accounting policies set out in Note 2(f).

(f) Contributed surplus

The balance of contributed surplus of the Group arose as a result of gains on bargain purchases rising from changes in ownership interests in subsidiaries that do not result in a change of control, which is dealt with in accordance with the accounting policy in Note 2(b).

37. LEASES

As lessor

The Group's investment properties are held for rental purposes. Rental income is fixed and predetermined. The majority of the relevant tenancy periods range from 2 to 3 years. At 31 December 2021, the amount of future rental receivable of the Group by tenancy expiry date is analysed as follows:

	2021 HK$'M	**2020 HK$'M**
Within one year	487.6	524.8
Between one and two years	320.9	317.8
Between two and three years	245.4	180.0
Between three and four years	81.0	143.4
Between four and five years	19.8	73.6
Over five years	72.4	92.1
	1,227.1	1,331.7

38. COMMITMENTS

	2021 HK$'M	2020 HK$'M
Expenditure in respect of investment properties		
– contracted but not provided for	41.1	5.0
– authorised but not contracted for	4.6	–
Expenditure in respect of investment properties through joint ventures		
– contracted but not provided for	–	0.5
Expenditure in respect of other properties, plant and equipment		
– contracted but not provided for	2.1	–
Capital injection to joint ventures		
– contracted but not provided for	811.4	284.7
	859.2	290.2

39. CONTINGENT LIABILITIES AND FINANCIAL GUARANTEES

	2021 HK$'M	2020 HK$'M
Guarantees given to banks in respect of bank facilities extend to joint ventures	5,260.4	5,414.9

At 31 December 2021, bank loans of HK$4,231.0M (2020: HK$4,287.5M) being guaranteed by the Group to joint ventures have been drawn down.

40. PLEDGE OF ASSETS

(a) At 31 December 2021, the Group's advances to joint ventures of HK$2,890.1M (2020: HK$2,891.9M) were subordinated to loans facilities of joint ventures and assigned. The joint ventures are engaged in property development and property investment and management. The shares in these joint ventures beneficially owned by the Group are pledged to financial institutions.

(b) At 31 December 2021, several of the Group's assets were pledged to secure credit facilities for the Group:

	2021 HK$'M	2020 HK$'M
Investment properties	4,412.7	4,434.5
Other properties, plant and equipment	34.1	34.3
Properties for sale	–	1,684.7
Financial investments at amortised cost	153.2	–
	4,600.0	6,153.5

The credit facilities were utilised to the extent of HK$2,047.2M (2020: HK$2,096.3M).

41. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) In addition to the transactions disclosed elsewhere in these financial statements, the Group had the following significant transactions with related parties during the year:

	2021 HK$'M	2020 HK$'M
Key management compensation (Note)		
Salaries and other benefits	(43.4)	(43.1)
Retirement benefits costs	(1.6)	(1.6)
Value of share options and incentive shares	(9.3)	(10.6)
	(54.3)	(55.3)
Interest income from loans to and amounts due from joint ventures	9.1	12.2
Interest expenses for loans from non-controlling interest	(6.9)	(5.4)
Management income from joint ventures	1.7	0.1
Project management fee income from a joint venture	16.8	18.5
Property rental income from a substantial shareholder of the Company	5.1	5.4
Sales and marketing service fee income from joint ventures	2.2	1.1
Serviced apartment management and license fee income from a joint venture	0.6	0.9
Serviced apartment management and license fee income from a substantial shareholder of the Company	2.4	2.0

These transactions were carried out on terms mutually agreed between the parties involved.

The related party transactions in respect of serviced apartment management and license fee income from a joint venture and a substantial shareholder of the Company and property rental income from a substantial shareholder of the Company as stated above constituted continuing connected transactions as defined in Chapter 14A of the Listing Rules. These related party transactions that constituted continuing connected transactions have complied with the disclosure requirements under Chapter 14A of the Listing Rules and details of which are provided in the section headed "Connected Transactions" in the Directors' Report.

Note:

Key management personnel represents the directors of the Group and their remunerations are set out in Note 9(a).

(b) Outstanding balances with these related parties at the balance sheet dates are:

	2021 HK$'M	2020 HK$'M
Non-current loans to joint ventures (Note 17(b))	3,787.6	3,868.3
Current loans to joint ventures (Note 23)	36.0	1,409.0
Amounts due from joint ventures (Note 23)	6.9	7.4
Amounts due to joint ventures (Note 28)	73.5	70.3
Non-current loans to associates (Note 18)	22.4	22.4
Amounts due to an associate (Note 28)	2.0	–

Details of loans repaid during the year are disclosed in the consolidated cash flow statement.

42. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

		At 31 December	
		2021	**2020**
		HK$'M	**HK$'M**
ASSETS AND LIABILITIES			
Non-current assets			
Interests in subsidiaries		9,076.5	9,472.9
Current assets			
Other receivables and prepayments		0.3	0.6
Bank balances and cash		33.3	0.7
		33.6	1.3
Current liabilities			
Other payables		6.6	4.7
NET ASSETS		9,103.5	9,469.5
EQUITY			
Share capital		677.4	677.3
Reserves	Note	8,426.1	8,792.2
TOTAL EQUITY		9,103.5	9,469.5

The balance sheet of the Company was approved by the Board of Directors on 24 March 2022 and was signed on its behalf by:

Cheng Wai Sun, Edward	**Ng Kar Wai, Kenneth**
DIRECTOR	*DIRECTOR*

42. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

Note:

Reserve movement of the Company

	Share premium HK$'M	Employee share-based compensation reserve HK$'M	Retained profits HK$'M	Total HK$'M
At 1 January 2021	3,335.8	29.7	5,426.7	8,792.2
Value of employee services relating to grants of share options and incentive shares	–	12.5	–	12.5
Incentive shares exercised	0.7	(0.8)	–	(0.1)
2020 final dividend paid	–	–	(284.5)	(284.5)
2021 interim dividend paid	–	–	(81.3)	(81.3)
Loss for the year	–	–	(12.7)	(12.7)
At 31 December 2021	3,336.5	41.4	5,048.2	8,426.1
At 1 January 2020	3,329.6	22.6	5,806.8	9,159.0
Value of employee services relating to grants of share options and incentive shares	–	14.3	–	14.3
Share options exercised	5.2	(6.0)	–	(0.8)
Incentive shares exercised	1.0	(1.2)	–	(0.2)
2019 final dividend paid	–	–	(284.5)	(284.5)
2020 interim dividend paid	–	–	(81.3)	(81.3)
Loss for the year	–	–	(14.3)	(14.3)
At 31 December 2020	3,335.8	29.7	5,426.7	8,792.2

43. PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries at 31 December 2021 are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued share capital/registered capital and issued debt securities	Attributable proportion of issued/registered capital held by the Company	Principal activities
Adam Knitters Limited	Hong Kong	HK$1,000	100%	Property investment
Begin Land Limited	Hong Kong	HK$90,000	100%	Property investment
Cherrytime Investments Limited	British Virgin Islands	HK$2,575,259	100%	Investment holding
Conventional Wisdom Limited	Hong Kong	HK$1	100%	Property development
Creation Empire Limited	Hong Kong	HK$1	100%	Property investment
Direct Sparkle Limited	British Virgin Islands	US$1	100%	Treasury investment
East Sun Estate Management Company Limited	Hong Kong	HK$200	100%	Property management
Fore Prosper Limited	Hong Kong	HK$10	100%	Hospitality investment
Glory Charm Development Limited	Hong Kong	HK$2	100%	Property holding
Grandeur Investments Limited	British Virgin Islands/ Hong Kong	US$1	100%	Property investment
Green Lotus Limited	Hong Kong	HK$1	100%	Property development
Hilwin Properties Limited	Hong Kong	HK$450,000	100%	Investment holding and treasury investment
Honest Bond Limited	Hong Kong	HK$1	100%	Property investment
Lanson Place Hospitality Management Limited	Hong Kong	HK$2	100%	Provision of hospitality management services
Lanson Place Hospitality Management (Malaysia) Limited	British Virgin Islands	US$1	100%	Investment holding and provision of hospitality management services
Lanson Place Hospitality Management (Singapore) Pte Limited	Singapore	S$100	100%	Provision of hospitality management services
Lanson Place Hotels & Residences Limited	Hong Kong	HK$1	100%	Licensing
Lanson Place Hotels & Residences (Holdings) Limited	British Virgin Islands	US$1	100%	Investment holding

43. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Issued share capital/registered capital and issued debt securities	Attributable proportion of issued/registered capital held by the Company	Principal activities
Nation Smart Limited	British Virgin Islands/ United Kingdom	US$10	100%	Property investment
New Ego Limited	British Virgin Islands/ United Kingdom	US$1	100%	Property investment
Noble Castle Investments Limited	Hong Kong	HK$1	100%	Property investment
Oasis Rainbow Limited	Hong Kong	HK$1	100%	Property investment
Oberto Holdings Limited	British Virgin Islands/ Hong Kong	US$1	100%	Property investment
Shang Tai Property Management Limited	Hong Kong	HK$1	100%	Provision of property management services
Simply Right (Hong Kong) Limited	Hong Kong	HK$1	100%	Property investment
Simply Right Properties Limited	Hong Kong	HK$1	100%	Property investment
Smart Tycoon Limited	Hong Kong	HK$1	70%	Property development
Sonic Start Limited	Hong Kong	HK$1	100%	Provision of financing
Topworth Enterprises Limited	British Virgin Islands/ United Kingdom	US$1	100%	Property investment
Value Castle Limited	Hong Kong	HK$1	100%	Property development
W Billion Management Limited	Hong Kong	HK$10	80%	Property management
Wing Tai Properties Development Limited	Hong Kong	HK$2	100%	Provision of property project management services
Wing Tai Properties Estate Agents Limited	Hong Kong	HK$20	100%	Property agent
Wing Tai Properties Estate Management Limited	Hong Kong	HK$2	100%	Property management

43. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Issued share capital/registered capital and issued debt securities	Attributable proportion of issued/registered capital held by the Company	Principal activities	Note
Wing Tai Properties Investment Limited	British Virgin Islands	US$1	100%	Investment holding	1
Wing Tai Properties (B.V.I.) Limited	British Virgin Islands/ Hong Kong	US$50,000	100%	Investment holding	1
Wing Tai Properties (Finance) Limited	British Virgin Islands/ Hong Kong	Ordinary shares US$1 Fixed rate bonds S$170,000,000, HK$680,000,000 & S$260,000,000 Perpetual Capital Securities	100%	Provision of finance to group companies	
Wing Tai Properties (Hong Kong) Limited	Hong Kong	HK$523,647,184	100%	Provision of finance to group companies	
Wing Tai Properties (International) Limited	British Virgin Islands	US$1	100%	Investment holding	
Winprop Pte. Ltd.	Singapore	S$2	100%	Investment holding	
Wisdom Sign Limited	Hong Kong	HK$1	85%	Property development	
WTP Investment Finance Limited	Hong Kong	HK$2	100%	Provision of finance to group companies	
WTP Investment (Hong Kong) Limited	British Virgin Islands/ Hong Kong	US$2	100%	Investment holding	
WTP Investment (Overseas) Limited	British Virgin Islands	US$2	100%	Investment holding	
乳源冠麗製衣有限公司	People's Republic of China	HK$20,000,000	100%	Property investment	2
乳源寶麗製衣有限公司	People's Republic of China	HK$15,000,000	100%	Property investment	2
永泰富聯物業管理(北京)有限公司	People's Republic of China	US$12,300,000	100%	Property investment	2
逸蘭公寓管理(上海)有限公司	People's Republic of China	US$140,000	100%	Provision of hospitality management services	2

43. PRINCIPAL SUBSIDIARIES (Continued)

Notes:

1. only Wing Tai Properties (B.V.I.) Limited and Wing Tai Properties Investment Limited are directly held by the Company.

2. a wholly-owned foreign enterprise established in the People's Republic of China.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

44. PRINCIPAL JOINT VENTURES

Details of the principal joint ventures at 31 December 2021 are as follows:

Name of joint venture	Place of incorporation/ operation	Attributable proportion of issued capital held by the Company indirectly	Principal activities
30 Gresham Street Limited	British Virgin Islands/ United Kingdom	50%	Property investment
Ace Glory Limited	Hong Kong	15%	Property development
Brave Sky Investments Limited	Hong Kong	50%	Property development
Brave Sky Mortgage Limited	Hong Kong	50%	Provision of mortgage financing
Bravo Partner Property Management Limited	Hong Kong	35%	Provision of property management services
Century Rise Limited	Hong Kong	15%	Property development
Crackerbox Limited	British Virgin Islands/ United Kingdom	33%	Property investment
HPREF Athene Investment S.à r.l.	Luxembourg/ United Kingdom	21%	Property investment
Kualiti Gold Sdn. Bhd.	Malaysia	50%	Hospitality investment
LPR 68 Limited	Hong Kong	35%	Provision of mortgage financing
LPR 83 Limited	Hong Kong	35%	Provision of mortgage financing
Maplemount Limited	British Virgin Islands	25%	Investment holding
Mega Island Property Management Limited	Hong Kong	35%	Provision of property management services

44. PRINCIPAL JOINT VENTURES (Continued)

Name of joint venture	Place of incorporation/ operation	Attributable proportion of issued capital held by the Company indirectly	Principal activities
Pacific Bond Limited	Hong Kong	15%	Property development
Providence Bay Finance Company Limited	Hong Kong	15%	Provision of mortgage financing
Providence Bay Property Management Company Limited	Hong Kong	15%	Provision of property management services
Providence Peak Finance Company Limited	Hong Kong	15%	Provision of mortgage financing
Providence Peak Property Management Company Limited	Hong Kong	15%	Provision of property management services
Shatin 68 Limited	Hong Kong	35%	Provision of financing
Shatin 83 Limited	Hong Kong	35%	Provision of financing
Southwater Investments Limited	British Virgin Islands	50%	Investment holding for real estate operations
The Graces – Providence Bay Finance Company Limited	Hong Kong	15%	Provision of mortgage financing
The Graces – Providence Bay Property Management Company Limited	Hong Kong	15%	Provision of property management services

The above table lists the joint ventures of the Company which, in the opinion of the directors, principally affected the results or net assets of the Group. To give details of other joint ventures would, in the opinion of the directors, result in particulars of excessive length.

MAJOR PROPERTIES HELD FOR INVESTMENT PURPOSES

At 31 December 2021

Address	Gross floor area	Lease expiry	Effective percentage holding	Particulars of occupancy as at 31 December 2021
Hong Kong				
Landmark East, 100 How Ming Street, Kwun Tong, Kowloon, Hong Kong (The Remaining Portion of Kwun Tong Inland Lot No. 242)	1,338,000 sq.ft.#	2047	100%	Let to outside parties as retail and office
Shui Hing Centre, 13 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong (New Kowloon Inland Lot No. 5890)	186,800 sq.ft.#	2047	100%	Let to outside parties as workshop, canteen or godown
Lanson Place Causeway Bay, Hong Kong 133 Leighton Road, Causeway Bay, Hong Kong (Inland Lot No. 8774)	114,100 sq.ft.	2047	100%	Serviced apartment
Lanson Place Waterfront Suites, Hong Kong 1 Oi Tak Street, Shau Kei Wan, Hong Kong (Shau Kei Wan Inland Lot No.854)	46,000 sq.ft.	2064	100%	Serviced apartment
Certain units of houses and apartments, Le Cap, 83 Lai Ping Road, Kau To, Sha Tin, New Territories, Hong Kong (Sha Tin Town Lot No. 565)	36,000 sq.ft.*	2063	100%	Let to outside parties as residence
Certain units of houses and apartments, La Vetta, 68 Lai Ping Road, Kau To, Sha Tin, New Territories, Hong Kong (Sha Tin Town Lot No. 567)	72,000 sq.ft.*	2062	100%	Let to outside parties as residence
161 agricultural lots, Lantau Island and Peng Chau, New Territories, Hong Kong	540,200 sq.ft.	2047	100%	Vacant
United Kingdom				
8-12 (even) Brook Street, London,United Kingdom	19,100 sq.ft.	Freehold	100%	Let to outside parties as retail and office
1 Savile Row/7 Vigo Street, London, United Kingdom	13,900 sq.ft.	Freehold	100%	Let to outside parties as retail and office
35 Berkeley Square, London, United Kingdom	7,900 sq.ft.	2139	100%	Let to outside parties as office

Address	Gross floor area	Lease expiry	Effective percentage holding	Particulars of occupancy as at 31 December 2021
10 Fleet Place, London, United Kingdom	191,800 sq.ft.	Freehold	25%	Let to outside parties as retail and office
3 Cavendish Square, London, United Kingdom	13,300 sq.ft.	Freehold	33%	Let to outside parties as office
30 Gresham Street, London, United Kingdom	403,600 sq ft.	2178	50%	Let to outside parties as retail and office
66 Shoe Lane, London, United Kingdom	157,800 sq ft	2101	21%	Let to outside parties as retail and office
The People's Republic of China				
33 Units Tower 23, Central Park, No. 6 Chaoyangmenwai Road, Chaoyang District, Beijing, People's Republic of China	6,200 sq.m.	2074	100%	Let to outside parties as residence
Songtian Village, Hougongdu Town, Nationality Industrial Zone, Ruyuan County, Shaoguan City, Guangdong Province, People's Republic of China (Yue Fang Di Zheng Zi C0449085, C0449086 and C0449090)	9,100 sq.m.	2053	100%	Vacant
Songtian Village, Hougongdu Town, Nationality Industrial Zone, Ruyuan County, Shaoguan City, Guangdong Province, People's Republic of China (Yue Fang Di Zheng Zi C0449084, C0449087, C0449088 and C0449089)	13,600 sq.m.	2053	100%	Vacant
Others				
Lanson Place Bukit Ceylon, Kuala Lumpur Tower C, Verticas Residensi, 10 Jalan Ceylon, 52200 Kuala Lumpur, Malaysia (Parent Lot No. 1315, Section 57, Town and District of Kuala Lumpur, State of Wilayah Persekutuan K.L.)	18,600 sq.m.	Freehold	50%	Serviced apartment

it represents the marketing floor area

* *it represents the saleable area*

PROPERTIES FOR SALE

At 31 December 2021

Address	Nature of property	Available gross floor area at 31 December 2021	Effective percentage holding	Project status	Expected completion date
Completed properties for sale					
The Carmel Castle Peak Road – Tai Lam, Area 55, Siu Sau, Tuen Mun, New Territories, Hong Kong (Tuen Mun Town Lot No. 435)	Residential	4,100 sq.ft.*	100%	Completed	Completed
OMA OMA So Kwun Wat Road, Area 56 Tuen Mun, New Territories, Hong Kong (Tuen Mun Town Lot No. 497)	Residential	48,200 sq.ft.*	100%	Completed	Completed
Properties under development					
OMA by the Sea Castle Peak Road – Tai Lam Tuen Mun, New Territories, Hong Kong (Tuen Mun Town Lot No. 523)	Residential	252,000 sq.ft.*	70%	Superstructure in progress	2022
H18C of Gage Street/ Graham Street, Central Hong Kong (Inland Lot No. 9065)	Commercial and hotel	434,000 sq.ft.	50%	Foundation in progress	2025
At the junction of Fan Kam Road and Castle Peak Road – Kwu Tung, Fanling, New Territories, Hong Kong (Fanling Lot No. 4076 in Demarcation District No. 91)	Residential	284,000 sq.ft.	85%	Ground investigation completed	2027

* *it represents the saleable area*

WING TAI PROPERTIES LIMITED
Incorporated in Bermuda with limited liability

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於百慕達註冊成立之有限公司

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