



VISION

To be the premier property company in its market of choice.

MISSION

Provide our stakeholders with sustainable and outstanding returns from a property portfolio which is strategically planned and managed by passionate, responsible and forward-looking professionals.

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Highlights

- **Turnover and Recurring Underlying Profit decreased year-on-year by 7.4% and 12.6% respectively**
- **Occupancies for Office and Retail portfolios were 95% and 97% on a committed basis respectively**
- **Positive signs of recovery in the first half 2021 with COVID-19 vaccination boosting confidence in economic outlook, locally and globally**

RESULTS

			Six months ended 30 June			
			Notes	2021	2020	Change
Turnover	HK\$ million	1		1,834	1,981	-7.4%
Recurring Underlying Profit	HK\$ million	2		1,177	1,346	-12.6%
Underlying Profit	HK\$ million	3		1,177	1,346	-12.6%
Reported Profit (Loss)	HK\$ million	4		517	(2,626)	n/m
Basic Earnings (Loss) per Share	HK cent			50	(252)	n/m
First Interim Dividend per Share	HK cent			27	27	±0%
				As at 30 June 2021	As at 31 December 2020	
Shareholders' Funds	HK\$ million	5		73,146	73,680	-0.7%
Net Asset Value per Share	HK\$	6		70.3	70.9	-0.8%

n/m: not meaningful

Notes:

1. **Turnover** comprises gross rental income from leasing of investment properties located in Hong Kong and management fee income from the provision of property management services for the period.
2. **Recurring Underlying Profit**, a non-HKFRS measure, is a performance indicator of the Group's core property investment business and is arrived at by excluding from Underlying Profit items that are non-recurring in nature.
3. **Underlying Profit**, a non-HKFRS measure, is arrived at by adding (i) Reported Profit (Loss) excluding unrealized fair value change of investment properties and items not generated from the Group's core property investment business; and (ii) Profit attributable to holders of perpetual capital securities.
4. **Reported Profit (Loss)** is the profit (loss) attributable to owners of the Company. It is prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance.
5. **Shareholders' Funds** are the equity attributable to owners of the Company.
6. **Net Asset Value per Share** represents Shareholders' Funds divided by the number of issued shares at period/year-end.

Chairman's Statement

In the first half of 2021, we began to see positive signs of recovery following the global roll-out of COVID-19 vaccines that slowed the spread of the pandemic and gave a boost of confidence to the world's major economies.

Hong Kong achieved year-on-year GDP growth of 7.5% in the second quarter of 2021. The labour market also improved, with the unemployment rate from April to June falling to 5.5%. The residential sales market was active again in 2021, helped by the ongoing low interest rate environment and strong end-user demand.

Nevertheless, the global economic recovery remained uncertain and uneven. External forces, especially geopolitical tensions, social distancing and travel restrictions continued to adversely affect Hong Kong.

An Active 2021 for Hysan

In May, we won the tender for the much-coveted Caroline Hill Road site. Our enlarged landholdings will further augment our neighbourhood and community vision for the benefit of our shareholders and wider stakeholders in the Lee Gardens area. We are supported by a like-minded partner, Chinachem Group, for this venture. The development project highlights our Company's confidence in Hong Kong as well as its role within China's Greater Bay Area ("GBA"). Moreover, it will complement our existing broader portfolio, which is already a top commercial destination for visitors and residents of Hong Kong. Our dual-engine office and retail tenant mix as well as other offerings in our portfolio will continue to create synergy for these two sectors.

Despite the persistence of the COVID-19 pandemic, our office portfolio benefited from demand by new economy tenants in the first half of the year. We saw expansion from individual tenants within the fintech, Flex/co-work, and wealth management sectors, as well as demand from those originally operating in other parts of the central business district. Lee Gardens is recognized as an attractive choice for its exceptional location, sustainability-focused office facilities, and its rich and dynamically-curated content in a thriving community.

Travel restrictions due to COVID-19 and the corresponding decline in tourist arrivals continued to affect Hong Kong's retail sector during the review period. Our loyal multi-generational customers continued to support Lee Gardens. A number of luxury and lifestyle brands took the opportunity to expand into Lee Gardens, which they view as a strategic location supported by a landlord who has demonstrated collaborative partnership with a long-term vision. Food and beverage operations also fared better as the public was keen to dine out in a safe environment, after months of strict social distancing. In all, our estimated tenant sales growth rate for the first half of 2021 significantly bettered Hong Kong's retail sales rate increase. We believe we are heading in the right direction.

Support for the Community

Hysan has been proactively contributing to the community's recovery throughout the past months. We have provided strong support for retail tenants since the start of the pandemic. Among the measures we have undertaken were the launch of creative, customized and collaborative marketing activities and events, enhanced health and safety measures across our portfolio, including the provision of air purifiers to our tenants for improved air quality. All of these initiatives have ensured that Lee Gardens is a safe and vibrant location that continues to attract customers for our tenants. With better business environment and with Hysan's support, our tenants have enjoyed a stronger business recovery.

Hysan strongly believes that vaccination is the best way to control the spread of COVID-19. To encourage vaccination, the Company is partnering with Adventist Medical to host Hong Kong's first mall-based vaccination promotion centre at our Leighton Centre. Health check packages are donated by us and our partner to the underprivileged and frontline workers so they can know more about their health status in preparation for vaccination. To encourage vaccination in the Lee Gardens area, Hysan will donate a fixed sum for each fully-vaccinated Lee Gardens area's office worker to Po Leung Kuk, one of Hong Kong's best known charities, for the benefit of families who have run into hard times during the pandemic.

Finally, to give encouragement to the general public, we will be launching a series of lucky draws to attract those who are fully-vaccinated as well as those spending their HK\$5,000 government consumption vouchers. By directing help to the community, Hysan and all of our stakeholders will benefit when the pandemic is under control and the economy recovers.

A New Venture in Flex

While our Lee Gardens portfolio will continue to be our core business, we are now well prepared to build for a future which will complement and extend our reach. We have formed a joint venture with IWG plc with the exclusive right to operate all IWG's flexible workspace brands in the GBA including Hong Kong. We believe flexible workspace, or Flex, especially after the emergence of the COVID-19 pandemic, with different and hybrid forms of office arrangements, will form part of the office ecosystem.

IWG is a proven global market leader in Flex and is already operating more than 30 centres in the GBA. Hysan, for its part, provides expertise from a mixed-use landlord's perspective, especially in the area of community building. With a longstanding tenancy partnership which dates back more than 20 years, Hysan and IWG are perfect partners to further develop the Flex business in the region.

Looking Ahead

As the major economies of China and the United States were well on the road to recovery in 2021, the global situation should improve in the months ahead. However, the development and containment of COVID-19 continues to be unpredictable. This is compounded by geopolitical tensions that could affect confidence among governments and individuals. As for Hong Kong, our economy can only make significant strides forward when the vast majority of the community is vaccinated and the virus is meaningfully contained.

Hysan has developed a comprehensive strategy covering both long and short-term targets, which we are implementing throughout the recovery period and beyond. In addition to strengthening our core business in Lee Gardens, we are also capturing the opportunities that are emerging in the new economy as well as exploring the enormous potential of the Mainland China market, particularly in the GBA. We look forward to sharing more news with you soon.

Lee Irene Yun-Lien

Chairman

Hong Kong, 11 August 2021

Management's Discussion and Analysis

Review of Results

The Group's turnover for the 2021 interim period was HK\$1,834 million, down 7.4% from the same period in 2020 (2020: HK\$1,981 million). As at 30 June 2021, our office portfolio's and retail portfolio's occupancies were 93% (95% on committed basis) and 97% (97% on committed basis) respectively. The residential portfolio's occupancy was 73%.

Recurring Underlying Profit, our key leasing business performance indicator, and Underlying Profit both decreased by 12.6% to HK\$1,177 million (2020: HK\$1,346 million).

2021 interim period recorded a Reported Profit of HK\$517 million as compared to a Reported Loss of HK\$2,626 million in the same period last year, mainly due to fair value changes of investment properties of the Group and its associates between two periods. More details of the fair value loss are presented under the section "Financial Review – Revaluation of Investment Properties".

Shareholders' Fund as at 30 June 2021 decreased to HK\$73,146 million from HK\$73,680 million as at 31 December 2020. A reconciliation of Recurring Underlying Profit, Underlying Profit and Reported Profit (Loss) is as follows:

	Six months ended 30 June	
	2021	2020
	HK\$ million	HK\$ million
Reported profit (loss)	517	(2,626)
Change in fair value of investment properties	545	4,065
Effect of other non-controlling interests' share	(28)	(194)
Share of change in fair value of investment properties (net of deferred taxation) of associates	(72)	19
Imputed interest income on interest-free loan to a joint venture	(7)	(15)
Other (gains) loss	(7)	8
Profit attributable to perpetual capital securities holders	229	89
Recurring Underlying Profit/Underlying Profit	1,177	1,346

Our financial position remains strong, with net interest coverage of 6.5 times (2020: 17.0 times) and net debt of HK\$7,135 million (31 December 2020: net cash position).

The Board of Directors has declared a first interim dividend of HK27 cents per share (2020: HK27 cents) which will be payable in cash.

Review of Operations

Office

In the first six months of 2021, turnover in the Group's office portfolio decreased 5.1% to HK\$880 million (2020: HK\$927 million), including turnover rent of HK\$2 million (2020: HK\$3 million).

Although Hong Kong's office rental market continued to be affected by COVID-19 during the first half of 2021, net absorption became positive for the first time since July 2019 by around 110,000 square feet. This was the result of some companies taking the opportunity to relocate or expand at a lower cost.

For Hysan's Lee Gardens portfolio, the average rental reversion rate on renewals, rent review and new lettings slipped into negative territory. Office occupancy was 93% (95% on a committed basis) as at 30 June 2021 (31 December 2020: 95% (95% on a committed basis)).

The banking and finance, professional and consulting, co-work and insurance segments maintained the top four slots in our office tenant portfolio. The prominence of these categories within our portfolio looks set to continue in the near future.

Retail

Turnover in the Group's retail portfolio decreased by 8.9% to HK\$820 million (2020: HK\$900 million), which included an increase in turnover rent to HK\$55 million (2020: HK\$20 million). Retail occupancy was 97% (97% on a committed basis) as at 30 June 2021 (31 December 2020: 96% (96% on a committed basis)). The overall reversion rate on rental renewals, rent review and new lettings remained negative during the period.

Our retail tenants' business improved in the first half of 2021 as compared with much of 2020. The year-on-year percentage increase in estimated tenant sales for the half year outperformed that for Hong Kong's overall retail sales. During the review period, our portfolio acquired new tenants, among which were a number of western food and beverage outlets, as well as luxury retail offerings, at Lee Gardens. At Hysan Place, new tenants included hobby and lifestyle shops and apparel stores. With the lack of inbound tourism due to COVID-19 travel restrictions, we look forward to the launch of the government's consumption voucher scheme to stimulate local consumer sentiment and spending.

Marketing Initiatives and Loyalty Programmes

Our marketing initiatives in the first half of 2021 provided plenty of cheer for our stakeholders during this challenging period of COVID-19, including the distribution of Chinese New Year promotional prizes via digital channels and improved online discount coupon buying experience under the second edition of the Power Up campaign. Club Avenue VIP members were treated to a number of private promotional and sales events, while Lee Gardens Club members enjoyed regular discounts and gifts.

Residential

Hysan's residential portfolio turnover decreased by 13.0% to HK\$134 million (2020: HK\$154 million) during the first half of the year. The occupancy for the sector stood at 73% as at 30 June 2021 (31 December 2020: 74%).

The luxury residential leasing market continued to be affected by COVID-19 travel restrictions, resulting in a significant reduction in expatriate demand. This is unlikely to change significantly until the COVID-19 situation improves and travel restrictions are relaxed and lifted.

Overall rental reversion in this sector during the period was negative with regard to renewals, rent review and new lettings.

Property Development – Caroline Hill Road Site and Tai Po Luxury Residential Project

Hysan successfully tendered for a commercial site at Caroline Hill Road, Causeway Bay, Hong Kong in May 2021. We plan to develop a premium commercial building with community facilities on the site in a joint venture with Chinachem Group. The project is seen as a strategic long-term investment that will contribute to the optimization of Hysan's asset portfolio. It will also vastly expand the scale of the Lee Gardens portfolio and reinforce Hysan's leading position in Hong Kong and the significance of Causeway Bay as a key destination. The potential value of the project will be enhanced by a proposed connectivity scheme, which will offer pedestrians a pleasant, weatherproof walking journey between Causeway Bay MTR station, Lee Gardens and the project site.

On our Tai Po residential project, major building structure works had already been completed. During the reporting period, the façade, building services and fitting out works all made satisfactory progress towards our target completion date in early 2022. A sales strategy is currently being developed, targeting a sales launch in the early part of 2022.

Harnessing Business Technology

Our business technology team has been preparing for the launch of two major projects that will benefit our tenants and their customers, as well as our own staff.

The team is now ready to unveil an interactive e-community with an e-commerce platform that will provide a series of unique shopping and related experiences. The e-community aims to bring a wide variety of lively, colourful activities and events to people who frequent Lee Gardens; it will also act as a new channel for our tenants to engage their customers.

Hysan's newly renovated headquarter office is a "smart" office equipped with advanced technology to drive efficiency and productivity. Connectivity will be enhanced by a 5G-enabled infrastructure supported by Wi-Fi 6 technology. The latest smart elements will also be incorporated for managing meetings and visitors, as well as for work collaboration, presentation and staff training.

Sustainability and Community Activities

As COVID-19 was still affecting the Hong Kong community during the review period, we at Hysan continued to make health, wellness and safety our top operational priority. At the start of the year, Hysan's Board recommended purchasing air purifiers to be used by our food and beverage operators as well as some front-line service tenants. This forward-looking move actually preceded a Hong Kong Government directive for restaurants to improve air circulation. Hysan was also praised in the community for using Hong Kong-developed technologies, such as the purifiers mentioned above and monitoring/cleaning robots, as part of our effort to combat the spread of the virus.

Moreover, Hysan hosted a series of wellness talks that included a well-attended town hall meeting on the importance of COVID-19 vaccination by top specialist Dr Joseph Tsang. The Company is also working with Adventist Medical Center to set up Hong Kong's first vaccination promotion centre in a shopping complex. Additionally, we are partnering with both Adventist and Po Leung Kuk to provide health checks to frontline workers and underprivileged members of the community, with the aim of encouraging vaccination.

Financial Review

Operating Costs

The Group's operating costs are generally classified as property expenses (direct costs and front-line staff wages and benefits) and administrative expenses (indirect costs largely representing payroll related costs of management and head office staff). The Group's operating costs to turnover ratio maintained at around similar level as last year's corresponding period, at 18.5% (2020: 17.2%).

Finance Costs

Finance costs increased to HK\$275 million, compared to HK\$234 million in the first half of 2020, as the Group started to prepare funding for potential investment opportunities and other strategic initiatives. The Group has raised approximately HK\$7 billion from new issuance via MTN program since 2020 to take advantage of market liquidity and low interest rate environment. During the period, finance costs relating to such funding exercise amounted to HK\$197 million (2020: HK\$116 million). The effective interest rate for the period was 2.9%, as compared to 3.1% in the same period 2020.

Revaluation of Investment Properties

As at 30 June 2021, the investment properties of the Group were valued at HK\$94,627 million, an increase of 26.2% from HK\$74,993 million as at 31 December 2020, mainly due to the successful tender of a commercial site at Caroline Hill Road, Causeway Bay, Hong Kong in May 2021 at land premium of HK\$19,778 million.

The valuation of investment properties was carried out by Knight Frank Petty Limited, an independent professional valuer, based on open market value. A fair value loss on investment properties (after considering capital expenditure spent on the Group's investment properties) of HK\$545 million (2020: fair value loss of HK\$4,065 million) was recognized in the condensed consolidated statement of profit or loss for the period. This loss mainly reflects the increasing market risk of the retail and office sectors impacted by global economic uncertainties.

Investments in Associates and a Joint Venture

The Group's investments in associates are substantially represented by its interest in Shanghai Grand Gateway 66, a retail, office and residential complex, in Shanghai, China. The shared results increased to HK\$212 million (2020: HK\$92 million), mainly due to the Group's share of revaluation gain (net of deferred tax) amounting to HK\$72 million (2020: revaluation loss of HK\$19 million).

The Group's investment in a joint venture represents its interest in the Tai Po residential project.

Bank Deposits and Other Investments

In addition to placing surplus funds as time deposits in banks with strong credit ratings, the Group also invested in investment grade debt securities.

Excluding imputed interest income recognized on an interest-free loan to a joint venture company for the residential site development in Tai Po of HK\$7 million (2020: HK\$15 million), like-for-like interest income decreased to HK\$42 million (2020: HK\$137 million) resulting from shorter-tenor bank deposits placed to provide flexibility to meet funding requirement from investment opportunities and other strategic initiatives.

The Group also extended its investments beyond its core geographical area and businesses. As at 30 June 2021, these investments totalling HK\$965 million (31 December 2020: HK\$789 million) expanded our reach to Mainland China and other areas in Asia with a view to generating new sources of income and capital.

Capital Expenditure

Total cash outlay of capital expenditure increased to HK\$20,077 million during the interim period (2020: HK\$619 million). The increase was mainly due to the successful tender of the Caroline Hill Road commercial site, coupled with Group's commitment on enhancing the asset value of its investment property portfolio through selective enhancement and redevelopment.

Treasury Policy

Capital Structure Management

To ensure a healthy financial position and a capital structure suitable for servicing its financing needs and sustainable growth, the Group always strive to diversify its funding sources, retain an appropriate debt maturity profile relative to the overall use of funds, maintain adequate liquidity, keep a low borrowing margin relative to market conditions, and adopt suitable hedging and forex management strategies.

The Group's total Gross Debt¹ level as at 30 June 2021 decreased to HK\$18,404 million (31 December 2020: HK\$19,204 million), mainly resulting from the early repayment of HK\$800 million bank loans in 2021. The Group's average debt maturity was at 6.6 years as at 30 June 2021 (31 December 2020: 6.8 years).

The following shows the debts maturity profile of the Group at 2021 interim period-end (in HK\$ million):



As at 30 June 2021, bank loans accounted for approximately 9% of the Group's total Gross Debt, with the remaining 91% from capital market financing (31 December 2020: 12%:88%). All the Group's debts are unsecured and on a committed basis.

¹ Gross Debt represents the contractual principal payment obligations as at 30 June 2021. However, in accordance with the Group's accounting policies, the debt is measured at amortized costs, using the effective interest method. As disclosed in the Group's condensed consolidated statement of financial position as at 30 June 2021, the book value of the outstanding debt of the Group was HK\$18,201 million (31 December 2020: HK\$18,970 million).

Gearing Ratio and Net Interest Coverage

The Group's gearing ratio, as measured by Net Debt to Equity¹, was 8.2% at interim period-end 2021 (31 December 2020: net cash position). The Group's Net Interest Coverage² decreased to 6.5 times for interim period-end 2021 (2020: 17.0 times).

Credit Ratings

As at 30 June 2021, the Group's credit ratings were maintained at A3 from Moody's and A- from Fitch.

Liquidity Management

As at 30 June 2021, the Group has cash and bank deposits totalling about HK\$11,066 million (31 December 2020: HK\$24,935 million). All deposits are placed with banks with strong credit ratings and counterparty risk is monitored on a regular basis. In order to preserve liquidity and enhance interest yields, the Group invested HK\$840 million (2020: HK\$454 million) in investment-grade debt securities.

Further liquidity, if needed, is available from the undrawn committed facilities offered by the Group's relationship banks. These facilities amounted to HK\$5,200 million at interim period-end 2021 (31 December 2020: HK\$5,450 million), allowing the Group to obtain additional liquidity as the need arises.

Interest Rate Management

Interest expenses represent one of the key cost drivers of the Group's business. Therefore, the Group monitors its interest rate exposure closely and adopts an appropriate hedging strategy in light of market conditions. The fixed rate debt ratio slightly increases to 91% at interim period-end 2021. The effective interest rate decreased slightly to 2.9% at interim period-end 2021 from 3.0% at year-end 2020.

Foreign Exchange Management

The Group aims to achieve minimal currency exposure and does not speculate in currency movements for asset and liability management. The majority of the Group's borrowings are denominated or hedged to HKD with the remainder predominately in USD with limited exposure to foreign exchange risk.

¹ Net Debt to Equity is defined as borrowings less time deposits, cash and cash equivalents divided by total equity.

² Net Interest Coverage is defined as gross profit less administrative expense before depreciation divided by net interest expenses.



REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**TO THE BOARD OF DIRECTORS OF
HYSAN DEVELOPMENT COMPANY LIMITED**

(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Hysan Development Company Limited (the "Company") and its subsidiaries set out on pages 14 to 41, which comprise the condensed consolidated statement of financial position as of 30 June 2021 and the related condensed consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants
Hong Kong

11 August 2021

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2021 (unaudited)

	Notes	Six months ended 30 June	
		2021 HK\$ million	2020 HK\$ million
Turnover	3	1,834	1,981
Property expenses		(218)	(219)
Gross profit		1,616	1,762
Investment income	5	49	152
Other gains and losses		7	(8)
Administrative expenses		(121)	(121)
Finance costs	6	(275)	(234)
Change in fair value of investment properties		(545)	(4,065)
Share of results of associates		212	92
Profit (loss) before taxation		943	(2,422)
Taxation	7	(162)	(236)
Profit (loss) for the period	8	781	(2,658)
Profit (loss) for the period attributable to:			
Owners of the Company		517	(2,626)
Perpetual capital securities holders		229	89
Other non-controlling interests		35	(121)
		781	(2,658)
Earnings (loss) per share (expressed in HK cents)			
Basic	9	50	(252)
Diluted	9	50	(252)

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2021 (unaudited)

	Six months ended 30 June	
	2021	2020
	HK\$ million	HK\$ million
Profit (loss) for the period	781	(2,658)
Other comprehensive income (expenses)		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Gains on revaluation of properties held for own use (net of tax)	3	2
Change in fair value of equity instruments at fair value through other comprehensive income ("FVTOCI")	162	(42)
	165	(40)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Net adjustments to hedging reserve	(65)	106
Share of translation reserve of an associate	64	(102)
	(1)	4
Other comprehensive income (expenses) for the period (net of tax)	164	(36)
Total comprehensive income (expenses) for the period	945	(2,694)
Total comprehensive income (expenses) attributable to:		
Owners of the Company	681	(2,662)
Perpetual capital securities holders	229	89
Other non-controlling interests	35	(121)
	945	(2,694)

Condensed Consolidated Statement of Financial Position

As at 30 June 2021 (unaudited)

	Notes	As at 30 June 2021 HK\$ million	As at 31 December 2020 HK\$ million (audited)
Non-current assets			
Investment properties	11	94,627	74,993
Property, plant and equipment		782	834
Investments in associates		5,853	5,577
Loans to associates		11	11
Investment in a joint venture		124	125
Loans to a joint venture		1,191	1,153
Other financial investments		965	789
Debt securities		700	454
Deferred tax asset		97	55
Other financial assets		1	1
Other receivables	12	307	361
		104,658	84,353
Current assets			
Accounts and other receivables	12	462	467
Debt securities		140	–
Time deposits		5,150	10,546
Cash and cash equivalents		5,916	14,389
		11,668	25,402
Current liabilities			
Accounts payable and accruals	13	780	931
Deposits from tenants		422	377
Amounts due to non-controlling interest	14	217	217
Borrowings	15	331	–
Taxation payable		94	27
		1,844	1,552
Net current assets		9,824	23,850
Total assets less current liabilities		114,482	108,203

Condensed Consolidated Statement of Financial Position *continued*

As at 30 June 2021 (unaudited)

	Notes	As at 30 June 2021 HK\$ million	As at 31 December 2020 HK\$ million (audited)
Non-current liabilities			
Amounts due to non-controlling interest	14	7,929	–
Borrowings	15	17,870	18,970
Other financial liabilities		231	183
Deposits from tenants		521	597
Deferred taxation		1,041	1,004
		27,592	20,754
Net assets			
		86,890	87,449
Capital and reserves			
Share capital		7,723	7,722
Reserves		65,423	65,958
Equity attributable to owners of the Company			
Perpetual capital securities	16	10,657	10,657
Other non-controlling interests		3,087	3,112
Total equity			
		86,890	87,449

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021 (unaudited)

	Attributable to owners of the Company		
	Share capital HK\$ million	Share options reserve HK\$ million	General reserve HK\$ million
As at 1 January 2021 (audited)	7,722	27	96
Profit for the period	–	–	–
Net losses arising from hedging instruments	–	–	–
Reclassification adjustments for net gains included in profit or loss	–	–	–
Gain on revaluation of properties held for own use (Note a)	–	–	–
Change in fair value of equity investment at FVTOCI	–	–	–
Share of translation reserve of an associate	–	–	–
Total comprehensive income (expenses) for the period	–	–	–
Issue of shares under share option schemes	1	–	–
Recognition of equity-settled share-based payments	–	3	–
Repurchase of own shares	–	–	–
Dividends paid during the period (note 10)	–	–	–
Distribution to perpetual capital securities holders (note 16)	–	–	–
As at 30 June 2021 (unaudited)	7,723	30	96
As at 1 January 2020 (audited)	7,720	23	96
Loss for the period	–	–	–
Net gains arising from hedging instruments	–	–	–
Reclassification adjustments for net losses included in profit or loss	–	–	–
Gain on revaluation of properties held for own use (Note a)	–	–	–
Deferred taxation arising on revaluation of properties held for own use	–	–	–
Change in fair value of equity investment at FVTOCI	–	–	–
Share of translation reserve of an associate	–	–	–
Total comprehensive (expenses) income for the period	–	–	–
Issue of shares under share option schemes	2	–	–
Recognition of equity-settled share-based payments	–	2	–
Repurchase of own shares	–	–	–
Forfeiture of unclaimed dividend	–	–	–
Dividends paid during the period (note 10)	–	–	–
Issue of perpetual capital securities (note 16)	–	–	–
Transaction costs in relation to the issuance of perpetual capital securities	–	–	–
As at 30 June 2020 (unaudited)	7,722	25	96

Note:

- (a) The Group's leasehold land and buildings classified as property, plant and equipment were revalued as at 30 June 2021 and 2020 by Knight Frank Petty Limited, an independent qualified professional valuer, on market value basis. The valuation was derived from the basis of capitalisation of net income with due allowance for the reversionary income potential. The gain of HK\$3 million (2020: HK\$3 million) arising on revaluation have been recognized and accumulated in properties revaluation reserve.

Attributable to owners of the Company

Investments revaluation reserve HK\$ million	Hedging reserve HK\$ million	Properties revaluation reserve HK\$ million	Translation reserve HK\$ million	Retained profits HK\$ million	Total HK\$ million	Perpetual capital securities HK\$ million	Other non- controlling interests HK\$ million	Total HK\$ million
6	(141)	476	363	65,131	73,680	10,657	3,112	87,449
-	-	-	-	517	517	229	35	781
-	(52)	-	-	-	(52)	-	-	(52)
-	(13)	-	-	-	(13)	-	-	(13)
-	-	3	-	-	3	-	-	3
162	-	-	-	-	162	-	-	162
-	-	-	64	-	64	-	-	64
162	(65)	3	64	517	681	229	35	945
-	-	-	-	-	1	-	-	1
-	-	-	-	-	3	-	-	3
-	-	-	-	(3)	(3)	-	-	(3)
-	-	-	-	(1,216)	(1,216)	-	(60)	(1,276)
-	-	-	-	-	-	(229)	-	(229)
168	(206)	479	427	64,429	73,146	10,657	3,087	86,890
1	(19)	477	22	69,330	77,650	-	3,322	80,972
-	-	-	-	(2,626)	(2,626)	89	(121)	(2,658)
-	79	-	-	-	79	-	-	79
-	27	-	-	-	27	-	-	27
-	-	3	-	-	3	-	-	3
-	-	(1)	-	-	(1)	-	-	(1)
(42)	-	-	-	-	(42)	-	-	(42)
-	-	-	(102)	-	(102)	-	-	(102)
(42)	106	2	(102)	(2,626)	(2,662)	89	(121)	(2,694)
-	-	-	-	-	2	-	-	2
-	-	-	-	-	2	-	-	2
-	-	-	-	(41)	(41)	-	-	(41)
-	-	-	-	1	1	-	-	1
-	-	-	-	(1,221)	(1,221)	-	(61)	(1,282)
-	-	-	-	-	-	6,604	-	6,604
-	-	-	-	(35)	(35)	-	-	(35)
(41)	87	479	(80)	65,408	73,696	6,693	3,140	83,529

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021 (unaudited)

	Six months ended 30 June	
	2021 HK\$ million	2020 HK\$ million
Net cash from operating activities	1,283	958
Investing activities		
Payments in respect of investment properties	(20,077)	(619)
Purchases of property, plant and equipment	(28)	(10)
Interest received	49	216
Purchase of debt securities	(384)	(286)
Proceeds upon maturity of time deposits with original maturity over three months	12,676	5,331
Additions to time deposits with original maturity over three months	(7,273)	(13,191)
Payments in respect of other financial investments	(12)	(260)
Return of capital in respect of other financial investment	–	81
Advances to a joint venture	(30)	(18)
Net cash used in investing activities	(15,079)	(8,756)
Financing activities		
Payment for finance costs	(281)	(309)
Advance from non-controlling interest	7,911	–
Issuance of fixed rate notes	–	6,675
New bank loans	–	350
Repayment of bank loan	(800)	(250)
Issuance of perpetual capital securities, net of transaction costs	–	6,569
Payment on repurchase of own shares	(3)	(41)
Proceeds on exercise of share options	1	2
Dividends paid	(1,216)	(1,221)
Distribution paid to perpetual capital securities holders	(229)	–
Dividends paid to non-controlling interests of a subsidiary	(60)	(61)
Net cash from financing activities	5,323	11,714
Net (decrease) increase in cash and cash equivalents	(8,473)	3,916
Cash and cash equivalents as at 1 January	14,389	3,597
Cash and cash equivalents as at 30 June	5,916	7,513

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021 (unaudited)

1. Basis of Preparation

The unaudited condensed consolidated financial statements for the six months ended 30 June 2021 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial information relating to the year ended 31 December 2020 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements is as follows:

- The Company has delivered the financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.
- The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2. Principal Accounting Policies

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2020.

The application of all the amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA are disclosed below:

2. Principal Accounting Policies *continued*

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendment 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 application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. Turnover

Turnover represents gross rental income from leasing of investment properties and management fee income from provision of property management services for the period.

The Group's principal activities are property investment, management and development, and its turnover and results are principally derived from investment properties located in Hong Kong.

Contracts for property management services have various contractual periods for which the Group bills fixed amount of each month of service period. Substantially all of the revenue from provision of property management services is recognised at the amount to which the Group has right to invoice which reflect the progress towards complete satisfaction of performance obligations satisfied over time. The categories for disaggregation of revenue from provision of property management services recognised over time in Hong Kong are consistent with the segment disclosure under note 4.

4. Segment Information

Based on the internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance, the Group's operating and reportable segments are as follows:

Retail segment – leasing of space and related facilities to a variety of retail and leisure operators

Office segment – leasing of high quality office space and related facilities

Residential segment – leasing of luxury residential properties and related facilities

Property development segment – development of properties for sale or leasing

Segment turnover and results

The following is an analysis of the Group's turnover and results by operating and reportable segment.

	Retail HK\$ million	Office HK\$ million	Residential HK\$ million	Property Development HK\$ million	Consolidated HK\$ million
For the six months ended 30 June 2021 (unaudited)					
Turnover					
Leasing of investment properties	734	775	120	-	1,629
Provision of property management services	86	105	14	-	205
Segment revenue	820	880	134	-	1,834
Property expenses	(104)	(85)	(29)	-	(218)
Segment profit	716	795	105	-	1,616
Investment income					49
Other gains and losses					7
Administrative expenses					(121)
Finance costs					(275)
Change in fair value of investment properties					(545)
Share of results of associates					212
Profit before taxation					943

4. Segment Information *continued*

Segment turnover and results *continued*

	Retail HK\$ million	Office HK\$ million	Residential HK\$ million	Property Development HK\$ million	Consolidated HK\$ million
For the six months ended					
30 June 2020 (unaudited)					
Turnover					
Leasing of investment properties	815	819	138	–	1,772
Provision of property management services	85	108	16	–	209
Segment revenue	900	927	154	–	1,981
Property expenses	(106)	(87)	(26)	–	(219)
Segment profit	794	840	128	–	1,762
Investment income					152
Other gains and losses					(8)
Administrative expenses					(121)
Finance costs					(234)
Change in fair value of investment properties					(4,065)
Share of results of associates					92
Loss before taxation					(2,422)

All the segment turnover reported above is from external customers.

Segment profit represents the profit earned by each segment without allocation of investment income, other gains and losses, administrative expenses (including central administration costs and directors' emoluments), finance costs, change in fair value of investment properties and share of results of associates. This is the measure reported to the chief operating decision maker of the Group for the purpose of resource allocation and performance assessment.

4. Segment Information *continued*

Segment assets

The following is an analysis of the Group's assets by operating and reportable segment.

	Retail HK\$ million	Office HK\$ million	Residential HK\$ million	Property Development HK\$ million	Consolidated HK\$ million
As at 30 June 2021 (unaudited)					
Segment assets	31,725	34,420	8,716	21,135	95,996
Investments in and loans to associates					5,864
Other financial investments					965
Other assets					13,501
Consolidated assets					116,326
As at 31 December 2020 (audited)					
Segment assets	31,727	34,602	8,731	1,278	76,338
Investments in and loans to associates					5,588
Other financial investments					789
Other assets					27,040
Consolidated assets					109,755

Segment assets represented the investment properties and accounts receivable of each segment and investment in and loans to a joint venture under property development segment, without allocation of property, plant and equipment, investments in and loans to associates, other financial investments, debt securities, other financial assets, deferred tax asset, other receivables, time deposits and cash and cash equivalents. This is the measure reported to the chief operating decision maker of the Group for the purpose of monitoring segment performances and allocating resources between segments. The investment properties are included in segment assets at their fair values whilst the change in fair value of investment properties is not included in segment results.

Included in the Property Development segment is an investment property under development, which will be transferred to other segments upon completion of the development.

No segment liabilities analysis is presented as the Group's liabilities are monitored on a group basis.

5. Investment Income

The following is an analysis of investment income:

	Six months ended 30 June	
	2021 HK\$ million	2020 HK\$ million
Interest income	42	137
Imputed interest income on interest-free loan to a joint venture	7	15
	49	152

6. Finance Costs

	Six months ended 30 June	
	2021 HK\$ million	2020 HK\$ million
Finance costs comprise:		
Interest on unsecured bank loans	11	24
Interest on unsecured fixed rate notes	240	197
Total interest expenses	251	221
Other finance costs	19	16
	270	237
Net exchange losses (gains) on borrowings	17	(31)
Reclassification of net (gains) losses from hedging reserve on financial instruments designated as cash flow hedges	(13)	27
Medium Term Note Programme expenses	1	1
	275	234

7. Taxation

	Six months ended 30 June	
	2021 HK\$ million	2020 HK\$ million
Current tax		
Hong Kong Profits Tax		
– current period	167	204
Deferred tax	(5)	32
	162	236

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

8. Profit (Loss) for the Period

	Six months ended 30 June	
	2021 HK\$ million	2020 HK\$ million
Profit (loss) for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	14	11
Gross rental income from investment properties including rentals received with reference to turnover of tenants of HK\$57 million (2020: HK\$23 million)	(1,629)	(1,772)
Staff costs (including directors' emoluments)	132	139
Share of income tax of associates (included in share of results of associates)	83	39

9. Earnings (Loss) per share

The calculation of the basic and diluted earnings (loss) per share attributable to the owners of the Company is based on the following data:

	Earnings (loss)	
	Six months ended 30 June	
	2021	2020
	HK\$ million	HK\$ million
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share:		
Profit (loss) for the period attributable to owners of the Company	517	(2,626)
	Number of shares	
	Six months ended 30 June	
	2021	2020
Weighted average number of ordinary shares for the purpose of calculating basic earnings (loss) per share	1,039,711,082	1,042,562,017
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	–	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings (loss) per share	1,039,711,082	1,042,562,017

The computation of diluted earnings (loss) per share does not assume the exercise of all (2020: all) of the Company's outstanding share options as the exercise prices of those options were higher than the average market price for shares.

10. Dividends

(a) Dividends recognized as distribution during the period:

	Six months ended 30 June	
	2021 HK\$ million	2020 HK\$ million
2020 second interim dividend paid – HK117 cents per share	1,216	–
2019 second interim dividend paid – HK117 cents per share	–	1,221
	1,216	1,221

(b) Dividends declared after the end of the reporting period:

	Six months ended 30 June	
	2021 HK\$ million	2020 HK\$ million
First interim dividend declared – HK27 cents per share (2020: HK27 cents per share)	281	281

The first interim dividend for 2021 is not recognized as a liability as at 30 June 2021 because it has been declared after the end of the reporting period. It will be payable in cash.

11. Investment Properties

	Fair value HK\$ million
As at 1 January 2021	74,993
Additions	20,110
Transfer from property, plant and equipment	69
Change in fair value recognized in profit or loss – unrealized	(545)
As at 30 June 2021	94,627

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

During the period, the Group has successfully won the tender of a commercial site at Caroline Hill Road, Causeway bay, Hong Kong at a land premium of HK\$19,778 million. The land is classified as investment properties in the condensed consolidated statement of financial position of the Group upon the completion of the acquisition.

The fair value of the Group's investment properties as at 30 June 2021 and 31 December 2020 has been arrived at on the basis of a valuation carried out on those dates by Knight Frank Petty Limited, an independent qualified professional valuer not connected with the Group. The Group's investment properties have been valued individually, on market value basis, which conforms to The Hong Kong Institute of Surveyors Valuation Standards. In estimating the fair value of the investment properties, the management of the Group has considered the highest and best use of the investment properties.

The value of the completed investment properties is derived from the basis of capitalisation of net income with due allowance for the reversionary income potential but without allowances for any expenses or taxation which may be incurred in effecting a sale, and where appropriate, cross reference by sale comparables. There has been no change to the valuation technique during the period for completed properties.

For investment properties under development, residual method of valuation was adopted. The value is based on the development potential of the properties as if they were completed in accordance with the existing development proposal at the date of valuation. The value has also taken into consideration all costs of development and allowance of profit required for the development, which duly reflected the risks associated with the development.

12. Accounts and Other Receivables

	As at 30 June 2021 HK\$ million	As at 31 December 2020 HK\$ million
Accounts receivable	54	67
Interest receivable	100	109
Prepayments in respect of investment properties	149	149
Other receivables and prepayments	466	503
Total	769	828
Analysed for reporting purposes as:		
Current assets	462	467
Non-current assets	307	361
	769	828

The following is an ageing analysis of accounts receivable (net of allowance for credit losses) at the end of the reporting period. Accounts receivable mainly includes rents from leasing of investment properties, which are normally received in advance.

	As at 30 June 2021 HK\$ million	As at 31 December 2020 HK\$ million
Less than 30 days	15	34
31-90 days	26	23
Over 90 days	13	10
	54	67

13. Accounts Payable and Accruals

	As at 30 June 2021 HK\$ million	As at 31 December 2020 HK\$ million
Accounts payable	167	277
Interest payable	154	161
Other payables	459	493
	780	931

As at 30 June 2021, accounts payable of the Group with carrying amount of HK\$98 million (31 December 2020: HK\$160 million) were aged less than 90 days.

14. Amounts due to Non-Controlling Interests

	As at 30 June 2021 HK\$ million	As at 31 December 2020 HK\$ million
Current	217	217
Non-current (Note)	7,929	–
	8,146	217

Note: The balance is unsecured, interest-bearing and for the development of a commercial site at Caroline Hill Road, Causeway Bay, Hong Kong.

15. Borrowings

The analysis of the carrying amounts of borrowings is as follows:

	Current		Non-Current	
	As at 30 June 2021 HK\$ million	As at 31 December 2020 HK\$ million	As at 30 June 2021 HK\$ million	As at 31 December 2020 HK\$ million
Unsecured bank loans	–	–	1,558	2,353
Unsecured fixed rate notes	331	–	16,312	16,617
	331	–	17,870	18,970

16. Perpetual Capital Securities

In 2020, the Group through a wholly owned subsidiary of the Company (the “Issuer”) issued US\$850 million (equivalent to approximately HK\$6,604 million) 4.10% subordinated perpetual capital securities (the “Subordinated Securities”), which are unconditionally and irrevocably guaranteed by the Company. Further, the Issuer issued US\$500 million (equivalent to approximately HK\$3,875 million) 4.85% senior perpetual capital securities (the “Senior Securities”), which are unconditionally and irrevocably guaranteed by the Company. The proceeds of the capital securities are for general corporate purpose and the capital securities are listed on Hong Kong Stock Exchange.

Distribution on the Subordinated Securities and Senior Securities (collectively the “Securities”) are payable semi-annually in-arrear each year and can be deferred at the sole discretion of the Issuer, if the Issuer and the Company do not declare or pay dividends or repurchase, redeem, cancel, reduce or otherwise acquire any securities of lower or equal rank. The Securities have no fixed maturity and are redeemable at the Issuer’s option on or after 3 June 2025 and 25 August 2023 respectively, at their principal amounts together with any distribution accrued to such date.

The Securities are classified as equity and initially recognized at the proceeds received in the condensed consolidated financial statements of the Group.

17. Commitments

As at 30 June 2021 and 31 December 2020, the Group had the following commitments in respect of its investment properties, property, plant and equipment and subscription to a fund investment as a limited partner:

	As at 30 June 2021 HK\$ million	As at 31 December 2020 HK\$ million
(a) Capital commitment: Contracted but not provided for investment properties and property, plant and equipment	229	157
(b) Other commitment: Subscription to a fund investment as a limited partner	73	85

18. Related Party Transactions and Balances

(a) Transactions and balances with related parties

During the period, the Group has transaction with related party including imputed interest income on interest-free loan to a joint venture as disclosed in note 5. At the end of the reporting period, the Group has several balances with related parties including loans to a joint venture and loans to associates as disclosed in the condensed consolidated statement of financial position. The Group has also granted guarantees to banks for facilities granted to a joint venture.

18. Related Party Transactions and Balances *continued*

(a) Transactions and balances with related parties *continued*

In addition, the Group has the following transactions with other related parties during the period and has the following balances with them at the end of the reporting period:

	Gross rental income received from		Amount due to non-controlling interests	
	Six months ended 30 June 2021 HK\$ million	Six months ended 30 June 2020 HK\$ million	As at 30 June 2021 HK\$ million	As at 31 December 2020 HK\$ million
Related companies controlled by the Directors of the Company (Note a(i) & (ii))	21	21	63	63
Non-controlling shareholder of subsidiaries (Note b(i) & (ii))	3	3	8,083	154

Notes:

- (a) (i) The sum of transactions represents the aggregate gross rental income received from related companies where the Directors of the Company have controlling interests over these related companies.
- (ii) The balance represents outstanding loan advanced to a non-wholly owned subsidiary of the Company, Barrowgate Limited ("Barrowgate") by Jebsen Capital Limited, a wholly owned subsidiary of Jebsen and Company Limited, of which Jebsen Hans Michael is a director and a controlling shareholder, as a shareholder loan in proportion to its shareholding in Barrowgate for general funding purpose. The amount is unsecured, interest-free and repayable on demand.
- (b) (i) The sum of transactions represents the aggregate gross rental income received from Hang Seng Bank Limited ("Hang Seng"), the intermediate holding company of Imenson Limited ("Imenson"), and The Hongkong and Shanghai Banking Corporation Limited, the holding company of Hang Seng. Imenson is a non-controlling shareholder with significant influence over Barrowgate.
- (ii) The balance represents outstanding loans advanced to Barrowgate by Imenson and Patchway Holdings Limited ("Patchway") by Coastday Limited, as shareholder loans in proportion to its shareholding in Barrowgate and Patchway respectively. The amount advanced to Barrowgate is unsecured, interest-free and repayable on demand.

18. Related Party Transactions and Balances *continued*

(b) Compensation of key management personnel

The remuneration of Directors and other members of senior management of the Group are as follows:

	Six months ended 30 June	
	2021 HK\$ million	2020 HK\$ million
Directors' fees, salaries and other short-term employee benefits	25	25
Share-based payments	2	2
Retirement benefits scheme contributions	–	–
	27	27

The remuneration of the Directors and senior management is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

19. Financial Risk Management and Fair Value Measurements

(a) Financial risk management

The Group's financial risk management objectives and policies are the same as those disclosed in the Group's annual consolidated financial statements for the year ended 31 December 2020.

(b) Fair value measurements

(i) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The fair values of financial assets and financial liabilities measured at amortized cost are determined in accordance with generally accepted pricing models based on discounted cash flow methodology taking into account the market interest rate and credit risk of the counterparties and of the Group as appropriate.

19. Financial Risk Management and Fair Value Measurements *continued*

(b) Fair value measurements *continued*

(i) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required) continued

The Directors of the Company consider that the carrying amounts of financial assets and financial liabilities measured at amortized cost in the condensed consolidated financial statements approximate their fair values, except for the carrying amount of HK\$16,643 million (31 December 2020: HK\$16,617 million) unsecured fixed rate notes (including interest payable) with fair value of HK\$17,593 million (31 December 2020: HK\$17,432 million).

The fair value of HK\$11,591 million (31 December 2020: HK\$11,476 million) of the unsecured fixed rate notes is categorized into Level 1 of the fair value hierarchy, in which the fair value was quoted prices in an active market translated at the spot foreign exchange rate of the respective currency at period end.

The fair value of HK\$6,002 million (31 December 2020: HK\$5,956 million) of the unsecured fixed rate notes is categorized into Level 2 of the fair value hierarchy, in which the fair value was measured using discounted cash flow methodology based on observable yield curves of the respective currency taking into account the credit margin of the Group as appropriate.

(ii) Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis

The following table provides an analysis of financial instruments that are measured at fair value on a recurring basis, grouped into Levels 1 to 3 based on the degree to which the inputs to the fair value measurements are observable.

- Level 1: fair value measurements are based on quoted prices (unadjusted) in active market for identical assets and liabilities.
- Level 2: fair value measurements are those derived from inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

19. Financial Risk Management and Fair Value Measurements *continued*

(b) Fair value measurements *continued*

(ii) Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis *continued*

	As at 30 June 2021			
	Level 1 HK\$ million	Level 2 HK\$ million	Level 3 HK\$ million	Total HK\$ million
Financial assets				
<i>Financial assets at FVTPL</i>				
Unlisted club debenture	-	1	-	1
Fund investment	-	-	306	306
<i>Financial assets at FVTOCI</i>				
Listed investment in equity security	260	-	-	260
Unlisted investment in equity security	-	-	399	399
Total	260	1	705	966
Financial liabilities				
<i>Derivatives under hedge accounting</i>				
Cross currency swaps	-	219	-	219
Interest rate swaps	-	12	-	12
Total	-	231	-	231

19. Financial Risk Management and Fair Value Measurements *continued*

(b) Fair value measurements *continued*

(ii) Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis *continued*

	As at 31 December 2020			
	Level 1	Level 2	Level 3	Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Financial assets				
<i>Financial assets at FVTPL</i>				
Unlisted club debenture	–	1	–	1
Fund investment	–	–	292	292
<i>Financial assets at FVTOCI</i>				
Listed investment in equity security	200	–	–	200
Unlisted investment in equity security	–	–	297	297
Total	200	1	589	790
Financial liabilities				
<i>Derivatives under hedge accounting</i>				
Cross currency swaps	–	183	–	183

19. Financial Risk Management and Fair Value Measurements *continued*

(b) Fair value measurements *continued*

(iii) Reconciliation of Level 3 fair value measurements of financial asset

	Fund investment HK\$ million	Unlisted investment in equity security HK\$ million
As at 1 January 2021	292	297
Addition	12	–
Fair value gain recognized in profit or loss	2	–
Fair value gain recognized in other comprehensive income	–	102
As at 30 June 2021	306	399

There was no transfer among Levels 1, 2 and 3 during the six months ended 30 June 2021.

During the period, the unrealized fair value gain of approximately HK\$2 million relating to fund investment at fair value through profit or loss is included in 'other gains and losses'.

(iv) Valuation techniques and inputs used in fair value measurements

Cross currency swaps are measured using discounted cash flow methodology based on observable spot and forward exchange rates as well as the yield curves of the respective currencies taking into account the credit risk of the counterparties and of the Group as appropriate.

The fair values of interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from the quoted interest rates.

19. Financial Risk Management and Fair Value Measurements *continued*

(b) Fair value measurements *continued*

(iv) Valuation techniques and inputs used in fair value measurements continued

Financial assets grouped in Level 3 are measured with reference to underlying assets and liabilities as at the end of the reporting period and other valuation techniques including discounted cash flows or market approach, taking into account different multiples such as price per earnings multiples of comparable listed companies, where relevant. If there is lack of marketability, a discount is applied in determining the fair value.

(v) Valuation process of Level 3 fair value measurements of financial asset

At the end of the reporting period, the management of the Group obtains the valuation techniques and inputs for fair value measurements in relation to the financial assets grouped in Level 3 and their underlying assets and liabilities. Where there is a material change in the fair value of the financial assets grouped in Level 3, analysis will be performed and the causes of the fluctuations will be reported to the Directors of the Company.

Corporate Governance

Compliance with Corporate Governance Code

During the six months ended 30 June 2021, Hysan continued to comply fully with the requirements of the provisions contained in the Corporate Governance Code (the “Corporate Governance Code”) set out in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Further information on Hysan’s corporate governance practices is available at the Company’s website: www.hysan.com.hk/governance.

Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (“Model Code”) as its own code of conduct regarding Directors’ securities transactions. Following specific enquiries by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2021.

Highlights for the first half of 2021

Hysan embraces strong governance as the foundation for delivering its strategic objective of consistent and sustainable performance. During the period:

- The Board adopted a Tax Governance Policy in January 2021, which sets out the approach to tax strategy and policies across the Group.
- The Board adopted a Risk Appetite Statement in June 2021 which articulates the Group’s principle towards risk acceptance in pursuit of its strategic mission and business objectives. Risk appetite defines the kind of risk scenarios the Group should avoid and do not expose our Group to, taking the varying levels of exposure into consideration.
- The Audit and Risk Management Committee held two meetings: one in February 2021 focusing on the annual financial reporting; and the second one in May 2021 focusing on risk management agendas. In the May 2021 meeting, the Committee deep-dived into Hysan’s cyber security measures and our cyber security protection approach, as well as the emerging trends. The Group has adopted US National Institute of Standards and Technology (NIST) framework in governing the cybersecurity measures. The Company also reviewed threats in view of COVID-19 pandemic and corresponding enhancements to avoid or minimize adverse impacts on cyber security risks and to ensure appropriate safeguards are in place.
- The Audit and Risk Management Committee reviewed and discussed with management and the external auditors the unaudited condensed consolidated financial statements for the six months ended 30 June 2021.

Highlights for the first half of 2021 *continued*

- The Remuneration Committee considered and approved the compensation package for the Executive Director. It also reviewed remuneration for Non-Executive Directors, Board Committee members and senior management (see pages 65 to 70 of the Company's 2020 Annual Report).
- The Sustainability Committee meeting was held in February 2021 and had progress update in May 2021. The Committee reviewed the existing sustainability strategy and discussed approaches to achieve environmental, social and governance goals, to communicate the culture inheritance of Hysan and uniqueness of Lee Gardens, and to build the ESG branding through various engagement channels.

Our Board and Board Committees

Board

As at 30 June 2021, the Board composition was as follows:

Lee Irene Yun-Lien (Chairman)

Churchouse Frederick Peter**

Fan Yan Hok Philip**

Poon Chung Yin Joseph**

Wong Ching Ying Belinda**

Jebsen Hans Michael* (Yang Chi Hsin Trevor as his alternate)

Lee Anthony Hsien Pin* (Lee Irene Yun-Lien as his alternate)

Lee Chien*

Lee Tze Hau Michael*

* Non-Executive Director

** Independent Non-Executive Director

Board Committees

As at 30 June 2021, the composition of our Board Committees remained the same as those set out in the Company's 2020 Annual Report and is also set out in the section "Corporate Information" of this Interim Report.

Risk Management and Internal Control

Details of Hysan's risk management and internal control systems were set out in the "Risk Management and Internal Control Report" on pages 54 to 60 of the Company's 2020 Annual Report.

The Audit and Risk Management Committee continued to review the Company's risk management and internal control approaches, as well as the internal audit reports for the six months ended 30 June 2021 as submitted by the Internal Audit Department.

Updated Information on Directors Pursuant to Rule 13.51B(1) of the Listing Rules

Directors' Updated Biographical Details

Save for the changes to a Director's major offices as set out below, since the Company's 2020 Annual Report there has been no change in the information of the Directors that is required to be disclosed under Rule 13.51B(1) of the Listing Rules:

Lee Irene Yun-Lien, who has been an independent non-executive director of Hang Seng Bank Limited, was appointed as the chairman of the board of directors of Hang Seng Bank Limited with effect from 27 May 2021.

The biographical details of the Directors are available at the Company's website: www.hysan.com.hk/about/leadership.

Directors' and Senior Management's Emoluments

The Group's remuneration policy aims to provide a fair market remuneration to attract, retain and motivate high quality talent, as well as to align the Group's remuneration with shareholders' interests.

Updated Information on Directors Pursuant to Rule 13.51B(1) of the Listing Rules *continued*

Non-Executive Directors

The fees payable to Non-Executive Directors are reviewed annually based on a number of relevant factors, which include: the level of responsibility, experience and abilities required of the Directors; the level of care and amount of time required; as well as the fees offered for similar positions in companies requiring the same talents.

In January 2021, the Remuneration Committee decided that the annual fees payable to Non-Executive Directors shall remain unchanged as below (see pages 65 to 70 of the Company's 2020 Annual Report):

	Fee per annum
	HK\$
<hr/>	
Board of Directors	
Non-Executive Director	280,000
Audit and Risk Management Committee	
Chairman	180,000
Member	108,000
Remuneration Committee	
Chairman	75,000
Member	45,000
Nomination Committee	
Chairman	50,000
Member	30,000
Sustainability Committee	
Chairman	50,000
Member	30,000

Updated Information on Directors Pursuant to Rule 13.51B(1) of the Listing Rules *continued*

Executive Director(s) and senior management

The remuneration payable to Executive Director(s) and senior management are also reviewed annually, and comprise the following components:

Components	Determining Factors
Fixed compensation – base salary and allowances	<ul style="list-style-type: none">• Market trends: pay increments in line with general and real estate industry norms• Market benchmarks relevant to role and job scope• Company performance• Individual performance and contribution, measured against annual financial and operational targets (turnover, expense ratio, earnings per share (“EPS”), portfolio year-end occupancy, achievement of key strategic initiatives, etc.)
Variable compensation – performance bonus	<ul style="list-style-type: none">• Company performance• Individual performance and contribution, measured against annual financial and operational targets (turnover, expense ratio, EPS, portfolio year-end occupancy, achievement of key strategic initiatives, etc.)• Actual bonus payout ranges from 0–200% of target bonus, which is set as a percentage of annual base salary
Variable compensation – share options	<ul style="list-style-type: none">• Company performance• Individual performance and potential, as well as long-term contribution to the Company• Level of share options granted is based on a prescribed grant multiple of annual base salary

The Remuneration Committee met in January 2021 to approve the remuneration of Lee Irene Yun-Lien, and concluded her 2021 annual fixed base salary is HK\$8,000,000, and her 2020 performance-based bonus amounts to HK\$14,000,000 (see pages 65 to 70 and 114 to 115 of the Company’s 2020 Annual Report). The variable components of pay, both short- and long-term, continue to form a significant proportion of her total earnings.

Share options were also granted to Lee Irene Yun-Lien on 26 February 2021 pursuant to the Company’s share option scheme adopted on 15 May 2015 (the “New Scheme”), details of which are set out in the section “Long-term incentives: Share Option Schemes” below.

Directors' Interests in Shares

As at 30 June 2021, the interests and short positions of the Directors in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, are set out below:-

Aggregate long positions in shares and underlying shares of the Company

Name	Number of ordinary shares held				Total	% of the total no. of issued shares (Note a)
	Personal interests	Family interests	Corporate interests	Other interests		
Jebsen Hans Michael	60,984	—	2,473,316 (Note b)	—	2,534,300	0.244
Lee Chien	970,000	—	—	—	970,000	0.093
Lee Irene Yun-Lien	444,000	—	—	—	444,000	0.043
Lee Tze Hau Michael	—	—	—	1,001,228 (Note c)	1,001,228	0.096

Notes:

- (a) The percentages were compiled based on the total number of issued shares of the Company as at 30 June 2021 (i.e. 1,039,753,557 ordinary shares).
- (b) Such shares were held through a corporation in which Jebsen Hans Michael was a member entitled to exercise no less than one-third of the voting power at general meeting.
- (c) Lee Tze Hau Michael was deemed to be interested in such shares of the Company by virtue of being a secondary beneficiary of a discretionary trust for the purpose of Part XV of the SFO.

Executive Directors of the Company have been granted share options under the Company's share option scheme adopted on 10 May 2005 (the "2005 Scheme") and the New Scheme (details are set out in the section "Long-term incentives: Share Option Schemes" below). These share options constitute interests in underlying shares of equity derivatives of the Company under the SFO.

Directors' Interests in Shares *continued*

Aggregate long positions in shares of associated corporations

Listed below is a Director's interest in the shares of Barrowgate Limited ("Barrowgate"), a 65.36% owned subsidiary of the Company:

Name	Number of ordinary shares held			% of the total no. of issued shares
	Corporate interests	Other interests	Total	
Jebsen Hans Michael	1,000	—	1,000	10 (Note)

Note:

Jebsen and Company Limited ("Jebsen and Company") held a 10% interest in the total number of issued shares in Barrowgate through a wholly-owned subsidiary. Jebsen Hans Michael was deemed to be interested in the shares of Barrowgate by virtue of being a controlling shareholder of Jebsen and Company.

Apart from the above, as at 30 June 2021 no other interest or short position in the shares, underlying shares or debentures of the Company or any associated corporations were 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.

Long-term incentives: Share Option Schemes

The 2005 Scheme expired on 9 May 2015 and the New Scheme was adopted by the Company on 15 May 2015. The purpose of both schemes was to strengthen the connection between individual staff and shareholders' interests. The power to grant options to Executive Director(s) is vested in the Remuneration Committee and endorsement by all Independent Non-Executive Directors is required under the Listing Rules. The Chairman may make grants to management staff below the Executive Director level.

The 2005 Scheme

The Company adopted the 2005 Scheme at its Annual General Meeting ("AGM") held on 10 May 2005, which had a term of 10 years and expired on 9 May 2015. All outstanding options granted under the 2005 Scheme continue to be valid and exercisable in accordance with the provisions of the 2005 Scheme.

The New Scheme

The Company adopted the New Scheme at its AGM held on 15 May 2015, which had a term of 10 years and will be expiring on 14 May 2025. Key terms of the New Scheme are substantially the same as those under the 2005 Scheme.

Directors' Interests in Shares *continued*

Long-term incentives: Share Option Schemes *continued*

Movements of share options during the period

During the review period, share options exercisable into a total of 1,607,000 ordinary shares of the Company were granted under the New Scheme. The 2005 Scheme expired on 9 May 2015 and no further option will be granted under the 2005 Scheme.

As at 30 June 2021:

- (i) share options exercisable into a total of 1,240,667 ordinary shares of the Company granted and fully-vested under the 2005 Scheme remained outstanding, representing approximately 0.12% of the total number of issued shares of the Company; and
- (ii) share options exercisable into a total of 6,221,401 ordinary shares of the Company granted (including fully-vested share options exercisable into 3,150,313 ordinary shares of the Company) under the New Scheme remained outstanding, representing approximately 0.60% of the total number of issued shares of the Company.

Details of options granted, exercised, cancelled/lapsed and outstanding under the 2005 Scheme and the New Scheme during the review period are as follows:

Name	Date of grant	Exercise price HK\$	Exercise period (Note a)	Balance as at 1.1.2021	Changes during the period			Balance as at 30.06.2021
					Granted	Exercised	Cancelled/lapsed (Note b)	
2005 Scheme								
Executive Director								
Lee Irene Yun-Lien	14.5.2012	33.50	14.5.2013 – 13.5.2022	87,000	–	–	–	87,000
	7.3.2013	39.92	7.3.2014 – 6.3.2023	265,000	–	–	–	265,000
	10.3.2014	32.84	10.3.2015 – 9.3.2024	325,000	–	–	–	325,000
	12.3.2015	36.27	12.3.2016 – 11.3.2025	300,000	–	–	–	300,000

Directors' Interests in Shares *continued*

Long-term incentives: Share Option Schemes *continued*

Movements of share options during the period *continued*

Name	Date of grant	Exercise price HK\$	Exercise period (Note a)	Balance as at 1.1.2021	Changes during the period			Balance as at 30.06.2021
					Granted	Exercised	Cancelled/lapsed (Note b)	
Eligible employees (Note c)	31.3.2011	32.00	31.3.2012 – 30.3.2021	32,000	–	–	(32,000)	–
	30.3.2012	31.61	30.3.2013 – 29.3.2022	70,000	–	–	–	70,000
	28.3.2013	39.20	28.3.2014 – 27.3.2023	85,000	–	–	–	85,000
	31.3.2014	33.75	31.3.2015 – 30.3.2024	46,000	–	–	–	46,000
	31.3.2015	34.00	31.3.2016 – 30.3.2025	62,667	–	–	–	62,667
				1,272,667	–	–	(32,000)	1,240,667

Directors' Interests in Shares *continued*

Long-term incentives: Share Option Schemes *continued*

Movements of share options during the period *continued*

Name	Date of grant	Exercise price HK\$	Exercise period (Note a)	Balance as at 1.1.2021	Changes during the period			Balance as at 30.06.2021
					Granted	Exercised	Cancelled/ lapsed (Note b)	
<u>New Scheme</u>								
Executive Director								
Lee Irene Yun-Lien	9.3.2016	33.15	9.3.2017 – 8.3.2026	375,000	–	–	–	375,000
	23.2.2017	36.25	23.2.2018 – 22.2.2027	300,000	–	–	–	300,000
	1.3.2018	44.60	1.3.2019 – 29.2.2028	373,200	–	–	–	373,200
	22.2.2019	42.40	22.2.2020 – 21.2.2029	494,200	–	–	–	494,200
	21.2.2020	29.73	21.2.2021 – 20.2.2030	650,000	–	–	–	650,000
	26.2.2021	33.05 (Note e)	26.2.2022 – 25.2.2031	–	664,000	–	–	664,000
Eligible employees (Note c)	31.3.2016	33.05	31.3.2017 – 30.3.2026	125,000	–	–	(11,000)	114,000
	31.3.2017	35.33	31.3.2018 – 30.3.2027	244,667	–	–	(18,000)	226,667
	29.3.2018	41.50	29.3.2019 – 28.3.2028	494,000	–	–	(21,000)	473,000
	29.3.2019	42.05	29.3.2020 – 28.3.2029	758,000	–	–	(34,000)	724,000
	31.3.2020	25.20	31.3.2021 – 30.3.2030	952,000	–	(52,666) (Note d)	(15,000)	884,334
	31.3.2021	30.40 (Note f)	31.3.2022 – 30.3.2031	–	943,000	–	–	943,000
				4,766,067	1,607,000	(52,666)	(99,000)	6,221,401

Directors' Interests in Shares *continued*

Long-term incentives: Share Option Schemes *continued*

Movements of share options during the period *continued*

Notes:

- (a) All options granted have a vesting period of three years in equal proportions starting from the 1st anniversary and become fully vested on the 3rd anniversary of the grant. In this table, "exercise period" begins with the 1st anniversary of the grant date.
- (b) The options lapsed during the period under review upon resignation(s) of eligible employee(s) or the end of the period during which the options are exercisable.
- (c) Eligible employees are those working under employment contracts that are regarded as "continuous contracts" for the purposes of the Employment Ordinance.
- (d) The weighted average closing price of the shares of the Company immediately before the date on which the options were exercised was HK\$30.55.
- (e) The closing price of the shares of the Company immediately before the date of grant (i.e. as of 25 February 2021) was HK\$33.25.
- (f) The closing price of the shares of the Company immediately before the date of grant (i.e. as of 30 March 2021) was HK\$31.50.

Save as disclosed above, the Company did not grant any share options under the 2005 Scheme and the New Scheme to any other persons during the review period that is required to be disclosed under Rule 17.07 of the Listing Rules.

Directors' Interests in Shares *continued*

Long-term incentives: Share Option Schemes *continued*

Value of share options

The value of the share options granted during the review period is to be expensed through the Group's statement of profit or loss over the three-year vesting period of the options.

The fair values of share options granted by the Company were determined by using the Black-Scholes option pricing model (the "Model"). The Model is one of the commonly used models to estimate the fair value of an option. The variables and assumptions used in computing the fair value of the share options are based on the management's best estimate. The value of an option varies with different variables of a number of subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

The inputs into the Model were as follows:-

Date of grant	31.3.2021	26.2.2021
Closing share price at the date of grant	HK\$30.400	HK\$33.050
Exercise price	HK\$30.400	HK\$33.050
Risk free rate (Note a)	0.817%	0.726%
Expected life of option (Note b)	5 years	5 years
Expected volatility (Note c)	27.100%	26.899%
Expected dividend per annum (Note d)	HK\$1.408	HK\$1.388
Estimated fair values per share option	HK\$4.770	HK\$5.560

Notes:

- (a) Risk free rate: the approximate yields of 5-year Exchange Fund Notes traded on the date of grant, matching the expected life of each option.
- (b) Expected life of option: the period of five years commencing on the date of grant, based on management's best estimates for the effects of non-transferability, exercise restriction and behavioural consideration.
- (c) Expected volatility: the approximate historical volatility of the closing prices of the shares of the Company over the past five years immediately before the date of grant.
- (d) Expected dividend per annum: the approximate average annual cash dividend over the past five financial years.

Substantial Shareholders' and Other Persons' Interests in Shares

As at 30 June 2021, the interests or short positions of substantial shareholders and other persons of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, or as otherwise notified to the Company, were as follows:

Aggregate long positions in shares and underlying shares of the Company

Name	Capacity	Number of ordinary shares held	% of the total no. of issued shares (Note)
Lee Hysan Company Limited	Beneficial owner	433,130,735	41.66
Silchester International Investors LLP	Investment manager	83,647,000	8.04
First Eagle Investment Management, LLC	Investment manager	52,460,214	5.05

Note:

The percentages were compiled based on the total number of issued shares of the Company as at 30 June 2021 (i.e. 1,039,753,557 ordinary shares).

Apart from the above, no other interest or short position in the shares or underlying shares of the Company were recorded in the register that is required to be kept under section 336 of the SFO as at 30 June 2021.

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

The Company was authorized at its AGMs to repurchase its own ordinary shares not exceeding 10% of the total number of its issued shares as at the dates of the resolutions being passed. During the review period, the Company repurchased its ordinary shares on the Stock Exchange when they were trading at a significant discount to the Company's net asset value in order to enhance shareholder value.

During the review period, the Company repurchased an aggregate of 100,000 ordinary shares for a total consideration of approximately HK\$3 million on the Stock Exchange. The repurchased shares were cancelled in July 2021. Details of the shares repurchased are as follows:

Month of repurchase in 2021	Number of ordinary shares repurchased	Consideration per share		Aggregate consideration paid HK\$ million
		Highest HK\$	Lowest HK\$	
June	100,000	29.95	29.95	3
	<u>100,000</u>			<u>3</u>

Save as disclosed above, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the review period.

Human Resources Practices

The Group aims to attract, retain and develop high calibre individuals committed to attaining our objectives. The total number of employees as at 30 June 2021 was 467.

There has been no material change to the human resources, training and development programmes as set out in the "Sustainability Report 2020".

Shareholder Information

FINANCIAL CALENDAR

Interim results announced	11 August 2021
Ex-dividend date for first interim dividend	24 August 2021
Closure of register of members and record date for first interim dividend	26 August 2021
Dispatch of first interim dividend warrants	(on or about) 6 September 2021

FIRST INTERIM DIVIDEND

The Board declares the payment of a first interim dividend of HK27 cents per share. The first interim dividend will be payable in cash to shareholders on the register of members as at Thursday, 26 August 2021.

The register of members will be closed on Thursday, 26 August 2021, for the purpose of determining shareholders' entitlement to the first interim dividend, on which date no transfer of shares will be registered. In order to qualify for the first interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Registrar not later than 4:00 p.m. on Wednesday, 25 August 2021.

Dividend warrants will be dispatched to shareholders on or about Monday, 6 September 2021.

SHAREHOLDER SERVICES

For enquiries about share transfer and registration, please contact the Company's Registrar, Tricor Standard Limited:

Tricor Standard Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong
Telephone: (852) 2980 1333
Facsimile: (852) 2861 1465

Holders of the Company's ordinary shares should notify the Registrar promptly of any change of their address.

The Interim Report is printed in English and Chinese language and is available on our website at www.hysan.com.hk. Shareholders may at any time choose to receive the Interim Report in printed form in either the English or Chinese language or both or by electronic means. Shareholders who have chosen to receive the Interim Report using electronic means and who for any reason have difficulty in receiving or gaining access to the Interim Report will promptly upon request be sent a printed copy free of charge.

Shareholders may at any time change their choice of the language or means of receipt of the Interim Report by notice in writing to the Company or the Company's Registrar, or by email to hysan14-ecom@hk.tricorglobal.com or cosec@hysan.com.hk. The Change Request Form may be downloaded from the Company's website at www.hysan.com.hk.

INVESTOR RELATIONS

For enquiries relating to investor relations, please email to investor@hysan.com.hk or write to the Company at:

Investor Relations
Hysan Development Company Limited
50/F Lee Garden One
33 Hysan Avenue
Hong Kong
Telephone: (852) 2895 5777
Facsimile: (852) 2577 5153

Corporate Information

BOARD OF DIRECTORS

Lee Irene Yun-Lien (*Chairman*)
Churchouse Frederick Peter**
Fan Yan Hok Philip**
Poon Chung Yin Joseph**
Wong Ching Ying Belinda**
Jebsen Hans Michael B.B.S.*
(*Yang Chi Hsin Trevor as his alternate*)
Lee Anthony Hsien Pin*
(*Lee Irene Yun-Lien as his alternate*)
Lee Chien*
Lee Tze Hau Michael*

AUDIT AND RISK MANAGEMENT COMMITTEE

Poon Chung Yin Joseph** (*Chairman*)
Churchouse Frederick Peter**
Fan Yan Hok Philip**
Lee Anthony Hsien Pin*

REMUNERATION COMMITTEE

Fan Yan Hok Philip** (*Chairman*)
Poon Chung Yin Joseph**
Lee Tze Hau Michael*

NOMINATION COMMITTEE

Lee Irene Yun-Lien (*Chairman*)
Churchouse Frederick Peter**
Fan Yan Hok Philip**
Poon Chung Yin Joseph**
Lee Chien*

* Non-Executive Director

** Independent Non-Executive Director

SUSTAINABILITY COMMITTEE

Jebsen Hans Michael B.B.S.* (*Chairman*)
Fan Yan Hok Philip**
Wong Ching Ying Belinda**

COMPANY SECRETARY

Cheung Ka Ki Maggie

REGISTERED OFFICE

50/F Lee Garden One
33 Hysan Avenue
Hong Kong

OUR WEBSITE

Press releases and other information of the Group can be found at our website: www.hysan.com.hk.

SHARE LISTING

Hysan's shares are listed on The Stock Exchange of Hong Kong Limited. It has a sponsored American Depositary Receipts (ADR) Programme in the New York market.

STOCK CODE

The Stock Exchange of Hong Kong Limited: 00014
Bloomberg: 14HK
Reuters: 0014.HK
Ticker Symbol for ADR Code: HYSNY
CUSIP reference number: 449162304

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants and
Registered Public Interest Entity Auditors
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