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HARBOUR CENTRE DEVELOPMENT LIMITED
(Incorporated in Hong Kong with limited liability)
Stock Code: 51

Interim Results Announcement for the six months ended 30 June 2017

HIGHLIGHTS

- Total revenue increased by 21% to HK\$2,674 million and operating profit by 101% to HK\$1,392 million. However, core profit increased by only 8% to HK\$536 million, mainly due to taxation charges.
- Development Properties (“DP”), accounting for over 80% of Group revenue and operating profit, increased by 28% and 165% in revenue and operating profit respectively. However, a large land appreciation tax pared its core profit growth to only 6%.
- The Murray in Hong Kong, a 336-room luxury hotel, is targeted to open in late 2017.
- The depletion of land bank is expected to substantially reduce DP contribution beyond 2017.
- Projects under development are expected to hamper Group cash flow and profits. Substantial net cash outflow is budgeted for 2017.

GROUP RESULTS

Core profit increased by 8% to HK\$536 million (2016: HK\$496 million). A surplus of HK\$20 million was reported on revaluation of investment properties (2016: deficit of HK\$70 million). Group profit attributable to equity shareholders amounted to HK\$556 million (2016: HK\$426 million) for a 31% increase from 2016. Basic earnings per share were HK\$0.78 (2016: HK\$0.60).

INTERIM DIVIDEND

An interim dividend of HK\$0.14 (2016: HK\$0.14) per share will be paid on 7 September 2017 to Shareholders on record as at 22 August 2017. This will absorb a total amount of HK\$99 million (2016: HK\$99 million).

BUSINESS REVIEW

Consolidated revenue increased by 21% to HK\$2,674 million (2016: HK\$2,204 million) and operating profit by 101% to HK\$1,392 million (2016: HK\$692 million). However, excluding Development Properties (“DP”), revenue actually decreased by 2% to HK\$508 million (2016: HK\$518 million) and operating profit by 2% to HK\$257 million (2016: HK\$263 million).

DP is benefiting this year from recognition of the Group’s last major project (in Suzhou) with revenue increasing by 28% and operating profit by 165% in the first half. However, a large land appreciation tax pared the segment’s core profit growth to only 6%. Other segments reported comparable or better core profit improvements. As a result, consolidated core profit increased by 8% to HK\$536 million (2016: HK\$496 million).

Overall, DP accounted for over 80% of Group revenue and operating profit, and over 60% of core profit. Cumulatively, 94% of the Group’s developable GFA has been sold or presold, and 87% recognised. DP contribution to Group revenue and profit beyond 2017 is expected to drop substantially.

Hong Kong Portfolio Investment Properties

The segment reported modest increases of 3% in rental income, 7% in operating profit and 7% in core profit in a generally soft market. A net revaluation surplus of HK\$20 million was registered.

Hotel

While the sector started to show signs of stabilisation, the market remained soft. In addition, major external concrete wall repair works reduced the room inventory at Marco Polo Hongkong Hotel in Tsimshatsui, which reported flat revenue growth and modest increases of 2% in operating profit and 9% in core profit.

The Murray, under conversion from the iconic Murray Building into a luxury hotel in the heart of Central with a contemporary urban chic design, will feature 336 sophisticated guest rooms/suites and fly the flag of the emerging Niccolo brand. An array of culinary options, including Michelin-starred brand *Guo Fu Lou* (Cantonese), *Murray Lane* (Lobby Bar), *The Garden Lounge*, *The Tai Pan* (modern European) and *Murray On The Roof* (Bar & Restaurant), are poised to take their place amongst the most popular dining venues in Hong Kong. The hotel is targeted to open in late 2017. Depreciation of building and land costs over the life of the land lease may weigh on the segment’s results in its early years.

China Portfolio

Development Properties

Revenue increased by 28% and operating profit by 165%, thanks to the phased completion of the good-margin Suzhou Times City, which was partially offset by the fading contribution from joint venture/associate projects.

Attributable land bank (net of recognised sales) dropped to about 0.6 million square metres. Full completion of Suzhou Times City is scheduled for 2017 and the 27%-owned Shanghai South Station project for 2022.

Given a depleting land bank, attributable contracted sales fell to RMB0.7 billion (2016: RMB2.2 billion). The net order book as at 30 June 2017 was maintained at RMB3.6 billion for 1,060 residential and retail units (total GFA: 138,900 square metres).

Investment Properties

Suzhou International Finance Square (“IFS”), comprising 299,000 square metres of Grade A offices, a premium boutique hotel, sky residences and luxury apartments, is on track for completion starting in 2018.

Hotel

Marco Polo Changzhou continued to build its business through strategic expansion of its client base. Its performance continued to witness notable improvement but much more needs to be done.

Niccolo Suzhou, a luxury sky hotel at Suzhou IFS, will see its first revenue contribution in 2019 at the earliest.

Outlook

Looking ahead, the depletion of land bank will substantially reduce DP contribution beyond 2017. Cash flow and profits will also be hampered by the projects under development in their initial years. Substantial net cash outflow is budgeted for 2017.

FINANCIAL REVIEW

(I) Review of 2017 Interim Financial Results

Group core profit increased year-on-year by 8% to HK\$536 million (2016: HK\$496 million) with growth reported by all segments.

Revenue and Operating Profit

DP revenue increased by 28% to HK\$2,166 million (2016: HK\$1,686 million) and operating profit by 165% to HK\$1,135 million (2016: HK\$429 million), attributable to the phased completion of Suzhou Times City project but was partially curtailed by increase in land appreciation tax for this project with relatively higher profit margin. Together with share of results from joint venture and associates, DP core profit rose by 6% to HK\$330 million (2016: HK\$312 million).

Investment Properties (“IP”) revenue increased by 3% to HK\$156 million (2016: HK\$152 million) with operating profit up by 7% to HK\$144 million (2016: HK\$134 million), mainly benefitting from growth in base rent from retail areas at Marco Polo Hongkong Hotel (“MP Hong Kong”).

Hotel revenue kept at par HK\$281 million (2016: HK\$281 million) and operating profit recorded at HK\$59 million (2016: HK\$49 million), mainly due to reduction in operating loss of Marco Polo Changzhou (“MP Changzhou”) from HK\$23 million to HK\$14 million.

Operating profit from Investment and Others, comprising mainly interest and dividend income, fell by 16% to HK\$71 million (2016: HK\$85 million) as decrease in bank deposits resulting in a decline in interest income.

Group revenue increased by 21% to HK\$2,674 million (2016: HK\$2,204 million) and operating profit by 101% to HK\$1,392 million (2016: HK\$692 million).

Contracted DP Sales

Inclusive of joint venture and associates on an attributable basis, the Group contracted property sales shrank to RMB680 million (2016: RMB2,187 million). The net order book stood at RMB3,594 million (December 2016: RMB4,977 million) that is available for recognition in stages on completion of various DP projects.

Changes in Fair Value of IP

The Group’s completed IP were stated at fair value based on independent valuation as at 30 June 2017, resulting in a revaluation surplus of HK\$20 million (2016: deficit HK\$70 million). IP under development are carried at cost and will not be carried at fair value until the earlier of their fair values first becoming reliably measurable or the dates of completion.

Finance Costs

Net finance costs amounted to HK\$21 million (2016: HK\$29 million) after interest capitalisation of HK\$2 million (2016: HK\$10 million) for the Group's DP projects, in line with the decrease in bank borrowings.

Share of Results (after Tax) of Joint Venture and Associates

Attributable loss amounted to HK\$40 million (2016: profit HK\$141 million) from joint venture The U World in Chongqing.

Associates recorded attributable profit HK\$4 million, which was mainly from Shanghai South Station project (2016: loss HK\$9 million).

Income Tax

Taxation charge for the period increased significantly by HK\$476 million to HK\$710 million (2016: HK\$234 million) mainly due to increase in land appreciation tax payable for Suzhou Times City resulting from higher margin achieved for the phases completed in the later stages.

Profit Attributable to Equity Shareholders

Group profit attributable to equity shareholders for the period amounted to HK\$556 million (2016: HK\$426 million), representing an increase of 31%. Core profit, excluding IP revaluation differences, ascended by 8% to HK\$536 million (2016: HK\$496 million).

Earnings per share ("EPS") was reported at HK\$0.78 (2016: HK\$0.60) based on 708.8 million issued shares. Excluding IP revaluation differences, EPS was HK\$0.76 (2016: HK\$0.70).

(II) Liquidity, Financial Resources and Commitments

Shareholders' and Total Equity

As at 30 June 2017, shareholders' equity stood at HK\$16,675 million (2016: HK\$15,829 million), equivalent to HK\$23.53 per share (2016: HK\$22.33 per share), mainly contributed by an attributable investment revaluation surplus of HK\$414 million for the period. Including the non-controlling interests, the Group's total equity amounted to HK\$17,097 million (2016: HK\$16,546 million).

MP Hong Kong and MP Changzhou hotel properties are stated at cost less accumulated depreciation in accordance with prevailing Hong Kong Financial Reporting Standards ("HKFRSs"). Restating these hotel properties based on independent valuation as at 30 June 2017 would give rise to an additional revaluation surplus totalling HK\$3,895 million and increase the Group's shareholders' equity as at 30 June 2017 to HK\$20,570 million, equivalent to HK\$29.02 per share.

Assets and Liabilities

Group total assets reported at HK\$25,698 million (2016: HK\$28,114 million). Total business assets, excluding bank deposits and cash, equity investments and deferred tax assets, maintained at HK\$20,631 million (2016: HK\$20,659 million) mainly due to increase in hotel and IP under development offset by DP from sales recognition.

Geographically, the Group's business assets in the Mainland decreased by 7% to HK\$8,575 million (2016: HK\$9,245 million), representing 42% (2016: 45%) of the Group's total business assets.

Investment Properties

IP increased by 4% to HK\$8,618 million (2016: HK\$8,277 million), representing 42% (2016: 40%) of the Group's total business assets. Hong Kong IP amounted to HK\$5,364 million (2016: HK\$5,344 million), comprising mainly MP Hong Kong's podium valued at HK\$4,780 million. Mainland IP, mainly Suzhou IFS under development, was stated at book cost of HK\$3,254 million (2016: HK\$2,933 million).

Properties for Sale / Interests in Associates and Joint Ventures

Mainland DP fell to HK\$930 million (2016: HK\$1,957 million) reflecting further sales recognition at Suzhou Times City and Changzhou Times Palace. In addition, DP undertaken through associates and joint ventures amounted to HK\$3,243 million (2016: HK\$3,225 million).

Other Business Assets

Other major business assets included hotel properties at MP Hong Kong, MP Changzhou, The Murray and other property and equipment with book cost totalling HK\$7,163 million (2016: HK\$6,529 million) with increase mainly reflecting the construction cost incurred for The Murray.

Pre-sale Deposits and Proceeds

Pre-sale deposits and proceeds reduced by 27% to HK\$3,664 million (2016: HK\$5,030 million), reflecting contracted sales that could be recognised as revenue by stages in future.

Net Cash and Gearing

Net cash as at 30 June 2017 amounted to HK\$374 million (2016: HK\$1,904 million), consisting of HK\$2,124 million in cash and HK\$1,750 million in bank borrowings, mainly resulting from substantial capital expenditure payments for Suzhou IFS and The Murray.

Finance and Availability of Facilities and Funds

As at 30 June 2017, the Group's available loan facilities amounted to HK\$4,150 million, of which HK\$1,750 million were utilised.

The Group's debts were principally denominated in Hong Kong dollar ("HKD") and in floating rate. Further borrowings will be sourced to finance the Group's property and hotel development projects.

The use of derivative financial instruments is strictly controlled. The majority of the derivative financial instruments entered into by the Group are primarily used for managing and hedging the Group's interest rate and currency exposures.

The Group continued to maintain a reasonable level of surplus cash denominated principally in HKD and RMB to facilitate business and investment activities. As at 30 June 2017, the Group also maintained a portfolio of equity investments mainly consisting of blue chip listed securities with an aggregate market value of HK\$2,943 million (2016: HK\$2,301 million), which is available for liquidation to meet needs if they arise. The performance of the portfolio was largely in line with the general market.

Net Cash Flows for Operating and Investing Activities

For the period under review, the Group generated a net cash inflow from operating activities of HK\$99 million (2016: HK\$1,178 million), mainly attributable to decrease in sales for the Mainland development projects to cover construction cost payments. For investing activities, the Group recorded a net cash outflow of HK\$1,121 million (2016: HK\$556 million), primarily for The Murray and Suzhou IFS projects.

Commitments to Capital and Development Expenditure

As at 30 June 2017, major capital and development expenditure in the forthcoming years totalled HK\$7.0 billion. HK\$2.6 billion of that was committed (HK\$0.9 billion for The Murray and HK\$1.7 billion for Mainland projects). Uncommitted expenditure of HK\$4.4 billion is mainly for the existing Mainland IP and DP to be incurred by stages in the coming years.

The above expenditures will be funded by internal financial resources, including cash currently on hand as well as bank loans. Other available resources include equity investments that can be liquidated when in need.

(III) Human Resources

The Group had approximately 900 employees as at 30 June 2017. Employees are remunerated according to their job responsibilities and the market pay trend with a discretionary annual performance bonus as variable pay for rewarding individual performance and contributions to the Group's achievement and results.

CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2017 - Unaudited

		Six months ended 30 June	
		2017	2016
	Note	HK\$ Million	HK\$ Million
Revenue	2	2,674	2,204
Direct costs and operating expenses		(1,167)	(1,409)
Selling and marketing expenses		(53)	(51)
Administrative and corporate expenses		(41)	(26)
Operating profit before depreciation, interest and tax		1,413	718
Depreciation		(21)	(26)
Operating profit	2&3	1,392	692
Change in fair value of investment properties		20	(70)
Other net income/(loss)	4	6	(3)
Finance costs	5	1,418	619
Share of results after tax of:		(21)	(29)
Joint ventures		(40)	141
Associates		4	(9)
Profit before taxation		1,361	722
Income tax	6(a)	(710)	(234)
Profit for the period		651	488
Profit attributable to:			
Equity shareholders		556	426
Non-controlling interests		95	62
		651	488
Earnings per share	7		
Basic		HK\$0.78	HK\$0.60
Diluted		HK\$0.78	HK\$0.60

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2017 - Unaudited

	Six months ended 30 June	
	2017	2016
	HK\$ Million	HK\$ Million
Profit for the period	651	488
Other comprehensive income for the period		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of the operations of:	148	(162)
- subsidiaries	116	(149)
- joint ventures/associates	32	(13)
Items that will not be reclassified to profit or loss:		
Fair value changes on equity investments	414	(225)
Other comprehensive income for the period	562	(387)
Total comprehensive income for the period	1,213	101
Total comprehensive income attributable to:		
Equity shareholders	1,101	64
Non-controlling interests	112	37
	1,213	101

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2017 – Unaudited

	Note	30 June 2017 HK\$ Million	31 December 2016 HK\$ Million
Non-current assets			
Investment properties		8,618	8,277
Hotel properties, plant and equipment		7,163	6,529
Interest in associates		1,463	1,417
Interest in joint ventures		1,780	1,808
Equity investments		2,943	2,301
Other non-current assets		20	20
		21,987	20,352
Current assets			
Properties for sale		930	1,957
Inventories		2	3
Trade and other receivables	9	637	484
Prepaid tax		18	164
Bank deposits and cash		2,124	5,154
		3,711	7,762
Total assets		25,698	28,114
Non-current liabilities			
Deferred tax liabilities		(51)	(44)
Bank loans		(1,500)	(2,450)
		(1,551)	(2,494)
Current liabilities			
Trade and other payables	10	(2,604)	(3,165)
Pre-sale deposits and proceeds		(3,664)	(5,030)
Taxation payable		(532)	(79)
Bank loans		(250)	(800)
		(7,050)	(9,074)
Total liabilities		(8,601)	(11,568)
NET ASSETS		17,097	16,546
Capital and reserves			
Share capital		3,641	3,641
Reserves		13,034	12,188
Shareholders' equity		16,675	15,829
Non-controlling interests		422	717
TOTAL EQUITY		17,097	16,546

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

1. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION

This unaudited interim financial information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The preparation of the unaudited interim financial information in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The accounting policies and methods of computation used in the preparation of the unaudited interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2016 except for the changes mentioned below.

The HKICPA has issued certain amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) which are first effective for the current accounting period of the Group. The amendments do not have significant impact on the Group’s results and financial position for the current or prior periods have been prepared or presented.

The unaudited interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual financial statements for the year ended 31 December 2016. The unaudited interim financial information and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRSs.

The financial information relating to the financial year ended 31 December 2016 that is included in the unaudited interim financial information as comparative information does not constitute the Company’s statutory annual financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2016 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the 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 section 406(2), 407(2) or (3) of the Companies Ordinance.

2. SEGMENT INFORMATION

The Group manages its diversified businesses according to the nature of services and products provided. Management has determined three reportable operating segments for measuring performance and allocating resources. The segments are development property, investment property and hotel. No operating segment has been aggregated to form reportable segments.

Development property segment encompasses activities relating to the acquisition, development, design, construction, sales and marketing of trading properties primarily in Mainland China.

Investment property segment primarily represents the property leasing of the Group's investment properties in Hong Kong. Some of the Group's development projects in Mainland China include properties which are intended to be held for investment purposes on completion.

Hotel segment represents the operations of Marco Polo Hongkong Hotel and Marco Polo Changzhou. It also includes The Murray which is under construction.

Management evaluates performance based on operating profit as well as the equity share of results of associates and joint ventures of each segment.

Segment business assets principally comprise all tangible assets, intangible assets and current assets directly attributable to each segment with the exception of bank deposits and cash, equity investments and deferred tax assets.

Revenue and expenses are allocated with reference to income generated by those segments and expenses incurred by those segments or which arise from the depreciation of assets attributable to those segments.

Analysis of segment revenue and results

Six months ended	Revenue HK\$ Million	Operating profit HK\$ Million	Change in fair value of investment properties HK\$ Million	Other net income/(loss) HK\$ Million	Finance costs HK\$ Million	Joint ventures HK\$ Million	Associates HK\$ Million	Profit before taxation HK\$ Million
30 June 2017								
Development property	2,166	1,135	-	-	(2)	(40)	4	1,097
Investment property	156	144	20	-	(5)	-	-	159
Hotel	281	59	-	-	(1)	-	-	58
Segment total	2,603	1,338	20	-	(8)	(40)	4	1,314
Investment and others	71	71	-	6	(13)	-	-	64
Corporate expenses	-	(17)	-	-	-	-	-	(17)
Group total	2,674	1,392	20	6	(21)	(40)	4	1,361
30 June 2016								
Development property	1,686	429	-	9	(5)	141	(9)	565
Investment property	152	134	(70)	-	(5)	-	-	59
Hotel	281	49	-	-	(1)	-	-	48
Segment total	2,119	612	(70)	9	(11)	141	(9)	672
Investment and others	85	85	-	(12)	(18)	-	-	55
Corporate expenses	-	(5)	-	-	-	-	-	(5)
Group total	2,204	692	(70)	(3)	(29)	141	(9)	722

- (i) Substantially all depreciation was attributable to the Hotel Segment.
- (ii) No inter-segment revenue has been recorded during the current and prior periods.

3. OPERATING PROFIT
Operating profit is arrived at:

	Six months ended 30 June	
	2017	2016
	HK\$ Million	HK\$ Million
After charging/(crediting) :		
Depreciation	21	26
Staff costs (Note i)	102	95
Cost of trading properties for recognised sales	999	1,234
Rental charges under operating leases	11	8
Gross rental revenue from investment properties (Note ii)	(156)	(152)
Direct operating expenses of investment properties	8	10
Interest income	(27)	(39)
Dividend income from listed investments	(44)	(46)

Notes:

- (i) Staff costs included defined contribution pension schemes costs HK\$4 million (2016: HK\$4 million).
- (ii) Rental income included contingent rentals of HK\$22 million (2016: HK\$26 million).

4. OTHER NET INCOME/(LOSS)

	Six months ended 30 June	
	2017	2016
	HK\$ Million	HK\$ Million
Net exchange gain/(loss), including the impact of forward foreign exchange contracts	6	(3)

5. FINANCE COSTS

	Six months ended 30 June	
	2017	2016
	HK\$ Million	HK\$ Million
Interest on bank borrowings	16	26
Other finance costs	7	13
	23	39
Less: Amount capitalised	(2)	(10)
	21	29

6. INCOME TAX

- (a) Taxation charged to the consolidated income statement represents:

	Six months ended 30 June	
	2017	2016
	HK\$ Million	HK\$ Million
Current income tax		
Hong Kong		
- provision for the period	35	33
Mainland China		
- provision for the period	237	181
	272	214
Land appreciation tax (“LAT”) (Note (d))	433	31
Deferred tax		
Origination and reversal of temporary differences	5	(11)
Total	710	234

- (b) The provision for Hong Kong profits tax is at the rate of 16.5% (2016: 16.5%) of the estimated assessable profits for the period.
- (c) Income tax on profit assessable in Mainland China are China corporate income tax calculated at a rate of 25% (2016: 25%) and China withholding tax at a rate of up to 10%.
- (d) Under the Provisional Regulations on LAT, all gains arising from transfer of real estate property in Mainland China are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights, borrowings costs and all property development expenditures.
- (e) Tax credit attributable to joint ventures and associates for the six months ended 30 June 2017 of HK\$9 million (2016: tax charge HK\$90 million) is included in the share of results of joint ventures and associates.

7. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to ordinary equity shareholders for the period of HK\$556 million (2016: HK\$426 million) and the weighted average of 709 million ordinary shares (2016: 709 million ordinary shares) in issue during the period.

8. DIVIDENDS ATTRIBUTABLE TO EQUITY SHAREHOLDERS

	Six months ended 30 June			
	2017	2017	2016	2016
	HK\$	HK\$	HK\$	HK\$
	Per share	Million	Per share	Million
First interim dividend declared after the end of the reporting period	0.14	99	0.14	99

- (a) The first interim dividend based on 709 million issued ordinary shares (2016: 709 million shares) declared after the end of the reporting period has not been recognised as a liability at the end of the reporting period.
- (b) The second interim dividend of HK\$255 million for 2016 was approved and paid in 2017.

9. TRADE AND OTHER RECEIVABLES

Included in this item are trade receivables (net of allowance for doubtful debts) with an ageing analysis based on invoice date as at 30 June 2017 as follows:

	30 June 2017 HK\$ Million	31 December 2016 HK\$ Million
Trade receivables		
0 - 30 days	19	44
31 - 60 days	1	2
Over 60 days	8	8
	28	54
Prepayments	239	351
Other receivables	322	39
Amounts due from fellow subsidiaries	48	40
	637	484

The Group has established credit policies for each of its core business. The general credit terms allowed range from 0 to 60 days, except for sale of properties the proceeds from which are receivable pursuant to the terms of the agreements. All the trade and other receivables are expected to be virtually recoverable within one year.

10. TRADE AND OTHER PAYABLES

Included in this item are trade payables with an ageing analysis based on invoice date as at 30 June 2017 as follows:

	30 June 2017 HK\$ Million	31 December 2016 HK\$ Million
Trade payables		
0 - 30 days	11	17
31 - 60 days	-	5
Over 60 days	1	-
	12	22
Other payables and provisions	449	474
Construction costs payable	668	1,216
Amounts due to fellow subsidiaries	26	30
Amounts due to associates	-	1
Amounts due to joint ventures	1,449	1,422
	2,604	3,165

11. REVIEW OF UNAUDITED INTERIM FINANCIAL INFORMATION

The unaudited interim financial information for the six months ended 30 June 2017 has been reviewed with no disagreement by the Audit Committee of the Company.

CORPORATE GOVERNANCE CODE

During the financial period under review, all the code provisions set out in the Corporate Governance Code in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited were met by the Company, with the exception of Code Provision A.2.1 providing for the roles of chairman and chief executive to be performed by different individuals.

It is deemed appropriate as it is considered to be more efficient to have one single person to be the Chairman of the Company as well as to discharge the executive functions of a chief executive. The Board of Directors believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high calibre individuals, with more than half of them being Independent Non-executive Directors.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities during the financial period under review.

BOOK CLOSURE

The Register of Members of the Company will be closed from Tuesday, 22 August 2017 to Wednesday, 23 August 2017, both days inclusive, during which period no transfer of shares of the Company can be registered. In order to qualify for the abovementioned interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Registrars, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Monday, 21 August 2017.

By Order of the Board

Kevin C. Y. Hui

Director and Company Secretary

Hong Kong, 4 August 2017

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Stephen T. H. Ng, Hon. Frankie C. M. Yick and Mr. Kevin C. Y. Hui, together with four Independent Non-executive Directors, namely, Dr. Joseph M. K. Chow, Hon. Andrew K. Y. Leung, Mr. Michael T. P. Sze and Mr. Brian S. K. Tang.