WHARF

Established 1886

THE WHARF (HOLDINGS) LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 4)

Interim Results Announcement for the half-year period ended 30 June 2019

Portfolio Facing Headwind

HIGHLIGHTS

- Assets in Mainland China of over RMB100 billion or over 70% of total Group assets contribute about 80% of Group profit.
- The roller-coaster Sino-US conflict has profound impact on both economies as well as Hong Kong's.
- Renminbi weakened by 0.4% against Hong Kong Dollar in the first half of 2019 and faces continued uncertainty.
- Back in Hong Kong, weak demand has been further weakened by travel advisories, economic slowdown, contracting exports/re-exports, falling retail sales, stock market jitters and the threat to employment.
- Profit attributable to equity shareholders for the first half of 2019 declined by 14%.
- Full year outlook will also be uncertain.

GROUP RESULTS

Group underlying net profit for the period decreased by 12% to HK$2,236 million (2018: HK$2,527 million).

Group profit attributable to equity shareholders, including Investment Properties ("IP") revaluation surplus and other unrealised accounting gains/losses, decreased by 14% to HK$2,450 million (2018: HK$2,860 million).

INTERIM DIVIDEND

A first interim dividend of HK$0.25 (2018: HK$0.25) per share will be paid on 11 September 2019 to Shareholders on record as at 6:00 p.m., 27 August 2019. This will absorb a total amount of HK$762 million (2018: HK$762 million).

BUSINESS REVIEW

Currently, the Group's businesses are largely property-focused, comprising Investment Properties and Development Properties ("DP") in Hong Kong and the Mainland, and Hotel and Management. During the period under review, properties contributed to 67% of Group revenue and 84% of Group underlying net profit. Bolstered by the International Finance Square ("IFS") series, together with the Times Square series, the IP portfolio constitutes a solid recurring income base for the years to come, while the DP portfolio of premium quality projects represents asset turns to capture potential growth prospects.

Other businesses include Logistics with the engagement in Modern Terminals and Hong Kong Air Cargo Terminals.

HONG KONG PROPERTIES

The Mount Nicholson project remains the key contributor of DP contracted sales in Hong Kong. Alongside the Peak Portfolio, the development pipeline also comprises the Kowloon Tong Residential Project and the Kowloon East Waterfront Portfolio. Experience indicates demand for luxury homes is steady but has a tempo different from mass market sales.

THE PEAK PORTFOLIO

Perched on the Peak with the most sought-after address in town, this inspiring collection of the most respected residences redefines the parameters of contemporary ultra-luxury living and is poised to offer the ultimate home for the most discerning residents.

Mount Nicholson, a 50:50 joint venture development, represents the epitome of exclusivity and luxury living atop Hong Kong's highest elevation. Enjoying full and unobstructed views of Victoria Harbour, the distinctive collection comprises 19 houses and 48 apartments. During the first half of 2019, four houses and two apartments were sold for a total contracted sales of HK$3.6 billion or an average of HK$94,000 per square foot.

The re-development of 11 Plantation Road and 77 Peak Road are making good headway to provide seven houses (total gross floor area ("GFA"): 46,000 square feet) and eight houses (total GFA: 42,000 square feet) respectively. Superstructure works of these projects were completed in 2017. The re-development of 1 Plantation Road for 20 houses (total GFA: 91,000 square feet) is progressing well. Chelsea Court and Strawberry Hill have been leasing well.

KOWLOON EAST WATERFRONT

With an aim of creating another core business district for Hong Kong, the Government's visionary "Energising Kowloon East" initiative is gradually bringing to fruition. The enhanced integration and connectivity have best positioned the district to benefit from the ongoing trend towards office decentralisation of the city. The Group's Kowloon East Waterfront Portfolio, comprising the Kowloon Godown and 15%-owned Yau Tong Bay joint-venture project at the harbourfront, is poised to fully tap the massive potential from this vibrant transformation.

Various redevelopment options are under consideration for Kowloon Godown which comprises a warehouse and an open yard with an existing operating GFA of one million square feet. General building plans for a revitalisation scheme for the warehouse was approved in June 2018. In parallel, applications for lease modification for a commercial scheme at the open yard and warehouse sites were submitted in 2017.

Yau Tong Bay features a total GFA of four million square feet and is set to provide over 6,300 residential units. This harbourfront residential project enjoys stunning view over the Victoria Harbour and is in close proximity to the MTR Station. General building plans have been approved and lease modification is under way.

KOWLOON TONG RESIDENTIAL PROJECT

This residential land parcel site commands a fantastic view towards Kowloon Peninsula with its prime location at the junction of Lion Rock Tunnel Road and Lung Cheung Road, adjacent to the traditional luxury residential cluster of Beacon Hill. Capitalizing on the Group's proven track record in developing exquisite residences, it is poised to set a new standard for ultra-luxury living in the Kowloon Peninsula.

With a total developable GFA of 436,000 square feet, approval has been granted to build four blocks of 13-storey residential buildings. Foundation work is in progress.

CHINA DEVELOPMENT PROPERTIES

Underlying demand for quality properties in Mainland China remained firm in top-tier cities. However, as primary sales pricing is effectively controlled by government which seriously affects future project profitability, the Group has been prudent and not made any new land purchase for nearly one year.

Inclusive of joint ventures and associates on an attributable basis, revenue recognised in the first half of 2019 decreased by 10% to HK$5,232 million and operating profit by 1% to HK$1,828 million. Operating profit margin, however, increased by 3 percentage points to 35%. 105,200 square metres of GFA were completed and recognised during the period (2018: 182,300 square metres).

Attributable contracted sales decreased by 10% to RMB6.5 billion for 1,400 units totalling 192,000 square metres during the period under review. Among which, approximately 80% was generated in Top 4 cities, namely Hangzhou, Beijing, Shanghai and Suzhou, or from the top 10 projects. Various projects drew favourable responses from buyers, including Beijing West Manor, Hangzhou Jade Mansion and Guiyu Chaoyang in Hangzhou. Average selling price increased sharply by 34% to RMB31,600 per square metre. As at the end of June, the net order book increased to RMB23.5 billion for 0.8 million square metres. The land bank totalled 3.6 million square metres.

CHINA INVESTMENT PROPERTIES

The inauguration of Changsha IFS last year further added to the Group's IP portfolio. Revenue increased by 22% to HK$1,958 million and operating profit by 30% to HK$1,162 million. However, over-supply in the office sector in most cities may increase in coming years.

CHANGSHA IFS

As a one-stop destination from entertainment to lifestyle, retail, culture and dining, the retail-led Changsha IFS has promptly emerged as the new landmark in Central China. Top architecture, retail diversity and quality service, alongside the unparalleled location in the bustling heart of the city with underground linkage to Wuyi Plaza Station (the interchange station for Metro Lines 1 and 2), collectively gave rise to an intense concentration of foot traffic. Overall revenue and operating profit reached HK$378 million and HK$130 million respectively during the period.

Complementing and feeding the 246,000-square metre mega mall are two best-of-class office cum luxury hotel towers. Tower 1, at 452 metres, is the tallest building in Hunan Province and houses Niccolo Changsha, the tallest hotel in Central China. It opened in late 2018. Tower 2 is due to open in 2021.

Retail

The 246,000-square-metre mega mall has won wide critical acclaim since its opening in May 2018 and has recently been crowned as "RLI International Shopping Centre 2019" in the Global RLI Awards 2019, a testament to the success of the exclusive retail destination. Other notable accolades received included the 2019 Winner of "Commercial Project of the Year" awarded by Royal Institution of Chartered Surveyors, as well as two Gold Awards and one Silver Award in "2019 China Shopping Centre & Retailer Awards" by International Council of Shopping Centers ("ICSC").

The nine-storey retail podium is home to over 370 brands strategically arrayed in well-defined zones covering high-end luxury, affordable luxury, high street, internationalised Chinese designers' labels, fast fashion, sportswear, kids, entertainment and F&B, forming critical mass of diversified trades.

The exceptional trade mix across every category comprises over 70 debuts for Hunan Province, over 30 split-gender duplex flagships of renowned fashion brands and over 100 brands which staged their first-ever collaboration with Wharf in the Mainland. Occupancy reached 98% and opening rate 97% at the end of June. Tenant sales maintain strong momentum and achieved RMB2,138 million during the first half of 2019.

The L7 Sculpture Garden, housing the first permanent outdoor bronze KAWS sculpture in Greater China and other precious pieces, has become one of the most photogenic spots in the city and consistently attracts substantial patronage.

As part of the 1st anniversary celebrations, Changsha IFS hosted the "Ciao Changsha! Nihao Firenze!" Sino-Italy Cultural and Economic Exchange Program in collaboration with

Florence and Hunan Governments, which played a pivotal role in elevating the international exposure of the city.

An exhilarating array of marketing campaigns was also lined up to promote cultural values of the community. These included French themed promotions encompassing exhibitions and busking performance, Strawberry Music Festival, as well as Health China Sports Competition held at the Ice Rink with the Provincial Department of Sports and Health.

Office and Hotel

Two top-notch office towers include the 452-metre towering city icon, being the tallest building in Hunan province. The towers offer a prestigious office address in the prosperous business square of Jiefang West Road, and continue to draw favourable demands from financial institutions and major corporations in the region.

Niccolo Changsha, the new luxury sky hotel inaugurated in late 2018, features 243 contemporary chic rooms and spectacular suites in the vibrant part of the city. Crowning the top floors of Changsha IFS, this tallest hotel in Central China strives to set a new benchmark for luxury and ultra-exclusive residences by providing impeccable hospitality and exceptional services for global travellers, local and regional residents.

CHENGDU IFS

Chengdu IFS, our flagship IP in western China with unrivalled architectural design, operation and marketing excellence, has extended its growth momentum to deliver solid results. Overall revenue increased by 14% to HK$859 million and operating profit by 28% to HK$463 million.

Retail

With an expansive retail space of 204,000 square metres, the world-class retail landmark boasts an impressive collection of over 600 top-tier international brands including over 100 debuts in China under one roof, enjoying nearly full occupancy at the end of June. Tenant sales increased by 13% to RMB3,297 million during the period, reaffirming the leading position of Chengdu IFS in sales productivity in the Western region. Foot traffic increased by 9%.

Constant tenant mix optimization continued to offer pleasant surprises and wow visitors. New commitments include 7 for All Mankind, Amelie Wang, ba&sh, CARA BLUE, Givenchy Kids, Liquides Imaginaires, PAPAHUG, Roger Dubuis, Segway Ninebot and Tom Ford Beauty. Retailtainment experiences were further enriched by not only the 7,700-square-metre Sculpture Garden that encourages greenery space and art, but also the attractive entertainment offerings including the IMAX movie theatre and an ice skating rink.

Various unique events and exhibitions contributed to additional footfall and helped spur success. These included “Shoes On Show Off” Sneakers Exhibition showcasing 130 pairs of limited-edition sneakers by over 20 young fashion and sports brands at Chengdu IFS, as well as “Discovering the Himalaya” Tibetan Contemporary Art Exhibition displaying 30 art works from 17 contemporary artists.

In recognition of the outstanding performance, Chengdu IFS has garnered 24 awards during the first half of 2019, of which eight are significant international awards. In the 13th Heavent Awards, Chengdu IFS won the "Sport, Cultural, Educational or Entertainment Event Award" for a range of events under its "sister street partnership" with Le Comité Saint Germain des Prés of Paris and became the sole winner from the Asia Pacific region. The retail landmark also received two Silver Awards for Marketing Excellence in "2019 China Shopping Centre & Retailer Awards" by ICSC.

Office, Hotel and IFS Residences

Located at the epicenter of the metropolitan city with convenient access to commercial areas and major transportation hub, the three premium Grade A office towers command among the highest rental rates in Chengdu. With a selective tenant portfolio comprising multinationals, financial institutions and major corporations in China West, commitment rate increased to 80%.

The award-winning Niccolo Chengdu has achieved a room occupancy of 82%, while revenue per available room ("RevPAR") increased by 14%. It is consistently leading the market in terms of room yield and room rate.

IFS Residences has been awarded "Expatriates' Favorite Serviced Apartment" in the list of Top 10 hotels and serviced apartment of Chengdu by well-known media, China Real Estate.

CHONGQING IFS

Chongqing IFS is one of the largest integrated projects in Jiangbeizui CBD, a vibrant new business hub for south-western China. The top-notch development enjoys an accessibility advantage with its seamless linkage to the interchange station (Jiangbei Town Station) for metros Line 6 and Line 9 (under construction), as well as the newly-opened bridge connecting to Jiangbeizui Financial Center. Its prominent location at the intersection of Yangtze River and Jialing River offers a splendid river view to the iconic 300-metre towering landmark and the four other towers.

The 109,000-square-metre retail podium houses over 170 brands, of which nearly 30 brands are exclusive or debuts in the city, and represents the largest cluster of first-tier brands in Chongqing. Captivating experiences are further enhanced by the diverse range of exciting dining options, as well as the exclusive lifestyle facilities such as ice skating rink and luxury cinema. Occupancy reached 99% at the end of June. Meanwhile, the Grade-A office towers, adjacent to a cluster of financial institutions, are coveted office addresses for multinationals, Global 500 and state enterprises in the area and provide a quality work environment for high-flying executives to excel.

Niccolo Chongqing, the city's highest sky hotel located on levels 52 to 62 of Tower 1 Chongqing IFS, accommodates 252 elegant guestrooms and suites offering stunning city views. The luxury hotel achieved a room occupancy of 73%, while RevPAR increased by 31%.

SHANGHAI WHEELOCK SQUARE

Commanding a prime location in Puxi with unparalleled accessibility, the 270-metre landmark skyscraper is among the most preferred office addresses for multinationals and major corporations. It continued to enjoy high occupancy rate of 94%.

SHANGHAI TIMES SQUARE

Shanghai Times Square is an exclusive retail destination surmounted by prime offices and quality serviced apartments in the heart of the shopping, entertainment and business hub of Huaihai Zhong Road. Retail spaces at the cosmopolitan landmark were nearly fully let. Offices were 94% leased. Overall commitment rate at Times Square Apartments was 89%.

TIMES OUTLETS

The Group's two Times Outlets continued to benefit from China's rapidly-rising middle class. As one of the most visited outlet destinations nationwide, Times Outlets Chengdu achieved a solid growth of 13% in retail sales during the period, while its sister mall in Changsha experienced a strong retail sales growth of 17%.

WHARF HOTELS

Currently, the Group manages 17 hotels (with a total of 5,750 rooms) in Mainland China, Hong Kong and the Philippines, including 13 under the Marco Polo flag and four under the Niccolo collection of contemporary chic hotels featuring impeccable hospitality and effortless luxury at the most coveted addresses.

The Murray has earned various prestigious and authoritative awards, including "Best Luxury Hotel in Hong Kong" by TTG China Travel Awards 2019 and "Best Hotel Openings in the past 12 months" by Travel + Leisure "Hotels It List 2019". Moreover, in recognition of the unique signature experiences, the rooftop restaurant and bar Popinjays was named one of "The 15 Best Rooftop Bars in the World" by Condé Nast Traveler Online.

Emulating the success of its sister hotels, namely The Murray and Niccolo hotels in Chengdu and Chongqing, Niccolo Changsha elevates luxury hospitality to new heights with its 243 sophisticated rooms and suites alongside the sky-high dining destinations. The award-winning culture continues, with Niccolo Changsha garnering numerous industry awards since its opening including "2018 Best Newly Opened Hotel" by Voyage, "The Best New Opening Hotel" by City Traveler, and "Best Business Hotel in Central South and Southwest China" by TTG China Travel Awards 2019.

Niccolo Suzhou, the upcoming project in the pipeline, is scheduled for opening in 2021.

Meanwhile, Marco Polo Ortigas, Manila, has once again been selected as a Forbes Travel Guide Five-Star hotel, and became the only Philippine non-gaming hotel to receive the highly esteemed award for three consecutive years, a testament to our dedication to providing service excellence.

LOGISTICS

Looming macro concerns from Sino-US trade tension, economic slowdown and geopolitical instability continued to challenge the logistics industry. During the period under review, segment revenue from Modern Terminals ("MTL") and Hong Kong Air Cargo Terminals ("HACTL") slightly decreased to HK$1,253 million and operating profit by 9% to HK$224 million.

MODERN TERMINALS

Amidst growing regional port competition faced by Hong Kong as a major international hub, container throughput in South China declined by 2%, with Shenzhen's throughput increasing by 2% and Kwai Tsing's decreasing by 8%. Market shares of Shenzhen and Kwai Tsing were 63% and 37% respectively.

Throughput handled by MTL in Hong Kong was down by 8% to 2.5 million TEUs. In Shenzhen, throughput at DaChan Bay Terminals (MTL's stake: 65%) was 628,000 TEUs, in line with last year, while that at Shekou Container Terminals (MTL's stake: 20%) increased by 4% to 2.9 million TEUs. Chiwan Container Terminal (MTL's stake: 8%) recorded a throughput of 1.2 million TEUs.

Consolidated revenue edged down to HK$1,247 million (2018: HK$1,251 million), partly resulting from the continued adjustment in volume mix with more barge and transshipment. Operating profit decreased to HK$218 million (2018: HK$242 million).

In the face of the ever-changing business environment and fierce competition from regional rivals, MTL is proactively implementing different measures to restore the competitive edge of Hong Kong's port business. With an aim of improving the value proposition of the Port of Hong Kong, MTL entered into a Joint Operating Agreement in January 2019 with three other terminal operators to form Hong Kong Seaport Alliance to enhance operational efficiency and resources utilization. The progressive implementation of the joint operation of 23 berths in the Kwai Tsing Container Terminals commenced on 1 April 2019 and the efficiency gains will be realized over a three year period.

HONG KONG AIR CARGO TERMINALS

HACTL, 20%-owned by the Group, is a leading air cargo terminal operator in Hong Kong with unique world-class facilities, highly efficient operation, and innovative technology. It handled 0.7 million tonnes in the first half of 2019.

FINANCIAL REVIEW

(I) Review of 1H 2019 results

Revenue and Operating Profit

Group revenue increased by 3% to HK$8,064 million (2018: HK$7,823 million), reflecting 21% increase for Investment Properties ("IP") riding on its maturing portfolio in the Mainland, but offset by 21% decrease for Development Properties ("DP") with less Mainland project completions for revenue recognition and increase in investment and other income.

Operating profit ("OP") increased by 34% to HK$3,701 million (2018: HK$2,768 million), mainly resulting from 28% increase for IP and 145% increase in Investment and others.

IP revenue continued to grow by 21% to HK$2,040 million (2018: HK$1,685 million) and OP by 28% to HK$1,220 million (2018: HK$956 million). With the driving force from the maturing Chengdu International Finance Square ("IFS") and the newly-opened Changsha IFS, Mainland IP revenue increased by 22% and OP by 30%.

DP owned by subsidiaries recognised 21% lower revenue to HK$3,092 million (2018: HK$3,938 million) while OP stayed flat at HK$1,311 million (2018: HK$1,327 million). DP joint ventures are equity accounted with share of results included in associates/joint ventures.

Hotel revenue increased by 19% to HK$267 million (2018: HK$225 million) on the back the newly opened Niccolo Changsha. OP descended by 26% to HK$31 million (2018: HK$42 million) mainly due to the start-up loss of Niccolo Changsha.

Logistics revenue managed to stay at HK$1,253 million (2018: HK$1,256 million), but OP decreased by 9% to HK$224 million (2018: HK$247 million).

Investment and other revenue increased by 96% to HK$1,412 million (2018: HK$719 million) and OP by 145% to HK$1,226 million (2018: HK$500 million) for the higher investment income including dividends from the Group's enlarged investment portfolio.

DP Sales and Net Order Book

Inclusive of joint venture projects on an attributable basis, total DP contracted sales decreased by 10% to HK$9,204 million (2018: HK$10,247 million).

Mainland contracted sales decreased by 10% to RMB6,498 million (2018: RMB7,240 million). Revenue recognition declined to HK$5,232 million (2018: HK$5,792 million) and OP decreased to HK$1,828 million (2018: HK$1,838 million). Net order book increased to RMB23,517 million (December 2018: RMB21,766 million).

Hong Kong contracted sales, mainly attributed to further sales of Mount Nicholson units 50%-owned under a joint venture, generated an attributable amount of HK$1,817 million (2018: HK$1,659 million). Sales recognition decreased to HK$280 million for the period (2018: HK$1,270 million), which contributed an operating profit of HK$178 million (2018: HK$861 million) to the Group.

Fair Value Gain of Investment Properties

The Group's IP portfolio as at 30 June 2019 was HK$75.2 billion (2018: HK$74.7 billion) with substantially all of it stating at fair value based on independent valuation. The attributable net revaluation gain of HK$91 million (2018: HK$369 million), after related deferred tax and non-controlling interests, was credited to the consolidated income statement.

Other Net Charge

Other net charge of HK$288 million was reported mainly include provision for diminution for certain Mainland DP projects.

Finance Costs

Finance costs amounted to HK$427 million (2018: HK$219 million), which included an unrealised mark-to-market loss of HK$22 million (2018: gain HK$175 million) on cross currency and interest rate swaps arrived at in accordance with prevailing accounting standards. The effective borrowing rate was 3.3% (2018: 3.4%) for the period.

Excluding the unrealised mark-to-market gain/loss, finance costs before capitalisation were HK$648 million (2018: HK$656 million), representing a 1% decrease. Finance costs after capitalisation increased by 3% to HK$405 million (2018: HK$394 million).

Share of Results (after tax) of Associates and Joint Ventures

Associates' attributable profit decreased by 32% to HK$277 million (2018: HK$409 million) mainly due to lower profit contributions from Mainland DP.

Joint ventures attributable profit decreased by 79% to HK$161 million (2018: HK$764 million) due to lower recognition from Mount Nicholson and increase in pre-operating loss from certain China DP projects.

Income Tax

Taxation charge for the period decreased by 4% to HK$1,429 million (2018: HK$1,487 million).

Profit to Shareholders

Group underlying net profit (a performance indicator of the Group's major business segments and arrived at after excluding the attributable net IP revaluation gain, mark-to-market and exchange gain/loss on certain financial instruments and exceptional items) decreased by 12% to HK$2,236 million (2018: HK$2,527 million) mainly with DP decreasing by 27% to HK$1,142 million (2018: HK$1,567 million), representing 51% of Group total. IP increased by 38% to HK$733 million yet Logistics decreased by 22% to HK$169 million, accounted for 33% and 8% of Group total, respectively.

All-inclusively, Group profit attributable to equity shareholders decreased by 14% to HK$2,450 million (2018: HK$2,860 million). Basic earnings per share were HK$0.80, based on weighted average of 3,047 million shares (2018: HK$0.94 based on 3,043 million shares).

(II) Liquidity, Financial Resources and Capital Commitments

Shareholders' and Total Equity

As at 30 June 2019, shareholders' equity increased by 5% to HK$142.5 billion (2018: HK$135.5 billion), equivalent to HK$46.77 per share based on 3,047 million issued shares (2018: HK$44.45 per share based on 3,047 million issued shares), mainly benefitting from an investment revaluation surplus of HK$6.3 billion for the period.

Total equity including non-controlling interests of HK$3.6 billion (2018: HK$3.3 billion) increased to HK$146.1 billion (2018: HK$138.8 billion).

Assets

Total assets excluding bank deposit and cash increased to HK$217.4 billion (2018: HK$209.9 billion) following the rebound in market value of other long term investments. Properties, Logistics, investments and other assets accounting for around 80%, 7%, 10% and 3% of the Group, respectively.

Total business assets, excluding bank deposit and cash, financial and deferred tax assets, amounted to HK$179.9 billion (2018: HK$181.0 billion). Geographically, Mainland business assets, mainly comprising properties and terminals, amounted to HK$133.7 billion (2018: HK$135.3 billion), representing 74% (2018: 75%) of total business assets.

Investment properties

IP portfolio increased to HK$75.2 billion (2018: HK$74.7 billion), representing 42% (2018: 41%) of total business assets. This portfolio comprised Mainland IP at valuation of HK$54.6 billion (2018: HK$54.4 billion).

Properties for sale

DP assets slightly decreased to HK$44.5 billion (2018: HK$46.0 billion) without major acquisitions.

Interests in associates and joint ventures

Interests in associates and joint ventures amounted to HK$41.4 billion (2018: HK$41.9 billion), mainly representing DP projects in Hong Kong and the Mainland.

Other long term investments

Other long term investments amounted to HK$38.6 billion (2018: HK$30.5 billion), including mainly the Group's strategic investment in Greentown China Holdings Limited ("Greentown") of HK$3.0 billion and a portfolio of blue chips of HK$35.6 billion held for long term growth with reasonable dividend return. The portfolio performed overall in line with the market and each investment within which is individually not material to the Group's total assets. Revaluation on these investments during the period produced a net surplus of HK$6.3 billion (2018: HK$1.3 billion) as reflected in the other comprehensive income, reversing accumulated deficit balance of HK$5.9 billion at 2018 year end to HK$0.4 billion surplus at end June 2019.

Deposits from sale of properties

Deposits from sale of properties amounted to HK$12.5 billion (2018: HK$9.3 billion) pending for recognition in the coming years.

Net Debt and Gearing

Net debt as at 30 June 2019 was reduced by 4% to HK$24.6 billion (2018: HK$25.6 billion). The net debt comprised of HK$19.0 billion in bank deposits and cash and HK$43.6 billion in debts. It includes Modern Terminals' net debt of HK$6.2 billion (2018: HK$6.3 billion), which is non-recourse to the Company and its other subsidiaries. Excluding non-recourse debts, the Group's net debt was HK$18.4 billion (2018: HK$19.3 billion). At 30 June 2019, the ratio of net debt to total equity is 16.9%.

Finance and Availability of Facilities

Total available loan facilities and issued debt securities as at 30 June 2019 amounting to HK$74.9 billion, of which HK$43.6 billion utilised, are analysed as below:

	30 June 2019		
	Available Facility HK$ Billion	**Total Debts HK$ Billion**	**Undrawn Facility HK$ Billion**
Company/wholly-owned subsidiaries			
Committed and uncommitted bank facilities	44.7	16.9	27.8
Debt securities	19.7	19.7	-
	64.4	36.6	27.8
Non-wholly-owned subsidiaries			
Committed and uncommitted			
- Modern Terminals	10.5	7.0	3.5
Group total	74.9	43.6	31.3

Of the above debts, HK$6.8 billion (2018: HK$7.4 billion) was secured by mortgages over certain IP, DP and other properties, plant and equipment with total carrying value of HK$26.1 billion (2018: HK$26.5 billion).

The Group's debt portfolio comprised primarily United States dollar, Hong Kong dollar and Renminbi. Funds sourced from such debt portfolio were mainly used to finance IP, DP and port investments.

The use of derivative financial instruments is strictly monitored and controlled. The majority of the derivative financial instruments entered into are primarily used for management of interest rate and currency exposures.

The Group continued to maintain a strong financial position with ample surplus cash and undrawn committed facilities to facilitate business and investment activities. In addition, the Group also maintained a portfolio of liquid listed investments with an aggregate market value of HK$36.9 billion (2018: HK$29.2 billion), which is available for use if necessary.

Cash Flows for the Group's Operating and Investing Activities

For the period under review, the Group recorded net cash inflows before changes in working capital of HK$2.8 billion (2018: HK$2.6 billion). Increase in working capital resulting from decrease in DP acquisitions further increased net cash from operating activities to HK$4.9 billion (2018: outflow HK$15.8 billion). For investing activities, the Group recorded a net outflow of HK$2.8 billion (2018: HK$19.3 billion), mainly due to decrease in acquisition of other long term investments during the period.

Major Capital and Development Expenditures

Major expenditures incurred in 2019 are analysed as follows:

	Hong Kong HK$ Million	Mainland China HK$ Million	Total HK$ Million
Properties			
IP	174	34	208
DP	82	4,082	4,164
	256	4,116	4,372
Others	53	1	54
Group total	309	4,117	4,426

i. IP expenditure was mainly for construction costs of Peak Properties.

ii. DP and IP expenditures included HK$2.9 billion for property projects undertaken by associates and joint ventures.

iii. Other expenditure was mainly related to Modern Terminals' terminal equipment.

Commitment

As at 30 June 2019, major expenditures to be incurred in the coming years was estimated at HK$25.7 billion, of which HK$15.6 billion was committed. They are analyzed by segment as below:

	As at 30 June 2019		
	Committed HK$ Million	**Uncommitted HK$ Million**	**Total HK$ Million**
IP			
Hong Kong	791	-	791
Mainland China	31	265	296
	822	265	1,087
DP			
Hong Kong	627	-	627
Mainland China	10,343	9,783	20,126
	10,970	9,783	20,753
Others	3,821	62	3,883
Group total	15,613	10,110	25,723

Properties commitments are mainly for land cost and construction cost, inclusive of attributable commitments to associates and joint ventures, to be incurred by stages.

These expenditures will be funded by internal financial resources including surplus cash, cash flows from operations, as well as bank and other borrowings and pre-sale proceeds. Other available resources include listed equity investments available for sale.

(III) Human Resources

The Group had approximately 8,400 employees as at 30 June 2019, including about 2,300 employed by managed operations. 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 respective group’s achievement and results.

CONSOLIDATED INCOME STATEMENT
For The Six Months Ended 30 June 2019 - Unaudited

	Note	**Six months ended 30 June** **2019** **HK$ Million**	2018 HK$ Million
Revenue	2	**8,064**	7,823
Direct costs and operating expenses		**(3,092)**	(3,756)
Selling and marketing expenses		**(269)**	(265)
Administrative and corporate expenses		**(638)**	(707)
Operating profit before depreciation, amortisation, interest and tax		**4,065**	3,095
Depreciation and amortisation		**(364)**	(327)
Operating profit	2 & 3	**3,701**	2,768
Increase in fair value of investment properties		**478**	737
Other net charge	4	**(288)**	(71)
		3,891	3,434
Finance costs	5	**(427)**	(219)
Share of results after tax of:			
Associates		**277**	409
Joint ventures		**161**	764
Profit before taxation		**3,902**	4,388
Income tax	6	**(1,429)**	(1,487)
Profit for the period		**2,473**	2,901
Profit attributable to :			
Equity shareholders		**2,450**	2,860
Non-controlling interests		**23**	41
		2,473	2,901
Earnings per share	7		
Basic		**HK$0.80**	HK$0.94
Diluted		**HK$0.80**	HK$0.94

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For The Six Months Ended 30 June 2019 – Unaudited

	Six months ended 30 June 2019 HK$ Million	2018 HK$ Million
Profit for the period	**2,473**	2,901
Other comprehensive income		
Items that will not be reclassified to profit or loss :		
Fair value changes on equity investments	**6,341**	1,271
Items that may be reclassified subsequently to profit or loss :		
Exchange difference on translation of foreign operations	**(426)**	(735)
Share of other comprehensive income of associates/joint ventures	**(144)**	(225)
Others	**-**	3
Other comprehensive income for the period	**5,771**	314
Total comprehensive income for the period	**8,244**	3,215
Total comprehensive income attributable to:		
Equity shareholders	**8,312**	3,197
Non-controlling interests	**(68)**	18
	8,244	3,215

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As At 30 June 2019 – Unaudited

	Note	**30 June 2019 HK$ Million**	**31 December 2018 IK$ Million**
Non-current assets			
Investment properties		**75,171**	74,738
Property, plant and equipment		**13,465**	13,670
Interest in associates		**20,252**	20,092
Interest in joint ventures		**21,193**	21,767
Other long term investments		**38,646**	30,544
Goodwill and other intangible assets		**298**	298
Deferred tax assets		**930**	737
Derivative financial assets		**310**	200
Other non-current assets		**20**	20
		170,285	162,066
Current assets			
Properties for sale		**44,539**	45,954
Trade and other receivables	9	**2,476**	1,722
Derivative financial assets		**72**	159
Bank deposits and cash		**18,963**	17,448
		66,050	65,283
Total assets		**236,335**	227,349
Non-current liabilities			
Derivative financial liabilities		**(452)**	(440)
Deferred tax liabilities		**(12,334)**	(11,637)
Other non-current liabilities		**(31)**	-
Bank loans and other borrowings		**(34,094)**	(31,847)
		(46,911)	(43,924)
Current liabilities			
Trade and other payables	10	**(19,090)**	(20,427)
Deposits from sale of properties		**(12,454)**	(9,263)
Derivative financial liabilities		**(212)**	(268)
Taxation payable		**(2,088)**	(3,468)
Bank loans and other borrowings		**(9,516)**	(11,239)
		(43,360)	(44,665)
Total liabilities		**(90,271)**	(88,589)
NET ASSETS		**146,064**	138,760
Capital and reserves			
Share capital		**30,173**	30,173
Reserves		**112,349**	105,251
Shareholders' equity		**142,522**	135,424
Non-controlling interests		**3,542**	3,336
TOTAL EQUITY		**146,064**	138,760

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 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 2018. 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 Hong Kong Financial Reporting Standards ("HKFRSs").

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 2018 except for the changes mentioned below.

The HKICPA has issued a number of new standards and amendments to HKFRSs which are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's consolidated financial statements:

HKFRS 16	Lease
HK(IFRIC) 23	Uncertainty over income tax treatments
Amendments to HKAS 28	Long-term interest in associates and joint ventures
Annual Improvements to HKFRSs 2015- 2017 Cycle	

The Group has assessed the impact of the adoption of the above new standards and amendments and considered that there was no significant impact on the Group's results and financial position or any substantial changes in the Group's accounting policies, except for HKFRS 16, Leases, as discussed below.

HKFRS 16, Leases

HKFRS 16 replaces HKAS 17 and related interpretations and introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. The distinction between the accounting for operating and finance leases is removed for lessee, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised on the consolidated statement of financial position for all leases by lessees. HKFRS 16 does not significantly change the way that lessor accounts for their rights and obligations under a lease.

At the commencement date of the lease, the Group as lessee recognises and measures a lease liability at the present value of the minimum future lease payment and recognises a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the Group recognises interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset (and impairment losses (if any)), instead of the previous accounting policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term.

HKFRS 16 primarily affect the Group's accounting as a lessee of leases for properties, plant and equipment which was classified as operating leases in previous accounting period. As allowed by HKFRS 16, the Group has elected the modified retrospective approach for the adoption of HKFRS 16 and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019 and has not restated the comparative information. As allowed by HKFRS 16, the Group has used the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. The Group has therefore applied the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. In addition, the Group has also elected the practical expedient for not applying the new accounting model to short-term leases (i.e. lease term of 12 months or less) and leases of low-value assets.

Upon adoption of HKFRS 16 on 1 January 2019, the Group recognised right-of-use assets under property, plant and equipment of HK$74 million and current and non-current lease liabilities amounting to HK$43 million and HK$31 million, respectively.

The Group has not applied any new standards or interpretation that is not yet effective for the current accounting period.

The financial information relating to the financial year ended 31 December 2018 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 (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2018 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 four reportable operating segments for measuring performance and allocating resources. The segments are investment property, development property, hotels and logistics. No operating segments have been aggregated to form the reportable segments.

Investment property segment primarily includes property leasing operations. The Group's properties portfolio, which mainly consists of retail, office and serviced apartments is primarily located in Mainland China.

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

Hotels segment includes hotel operations in the Asia Pacific region. The Group operates 17 hotels in the Asia Pacific region, four of which owned by the Group.

Logistics segment mainly includes the container terminal operations in Hong Kong and Mainland China undertaken by Modern Terminals Limited ("Modern Terminals"), and Hong Kong Air Cargo Terminals Limited ("Hactl").

Management evaluates performance primarily based on operating profit as well as the equity share of results of associates and joint ventures of each segment. Inter-segment pricing is generally determined on an arm's length basis.

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, certain financial investments, deferred tax assets and other derivative financial assets.

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

2. SEGMENT INFORMATION

a. Analysis of segment revenue and results

For the six months ended	Revenue HK$ Million	Operating profit HK$ Million	Increase in fair value of investment properties HK$ Million	Other net charge HK$ Million	Finance costs HK$ Million	Share of results after tax of associates HK$ Million	Share of results after tax of joint ventures HK$ Million	Profit before taxation HK$ Million
30 June 2019								
Investment property	**2,040**	**1,220**	**478**	**2**	**(118)**	**-**	**30**	**1,612**
Hong Kong	**82**	**58**	**82**	**-**	**(16)**	**-**	**-**	**124**
Mainland China	**1,958**	**1,162**	**396**	**2**	**(102)**	**-**	**30**	**1,488**
Development property	**3,092**	**1,311**	**-**	**(371)**	**(67)**	**162**	**129**	**1,164**
Hong Kong	**-**	**(2)**	**-**	**-**	**(40)**	**1**	**149**	**108**
Mainland China	**3,092**	**1,313**	**-**	**(371)**	**(27)**	**161**	**(20)**	**1,056**
Hotels	**267**	**31**	**-**	**2**	**-**	**-**	**1**	**34**
Logistics	**1,253**	**224**	**-**	**(27)**	**(101)**	**115**	**1**	**212**
Terminals	**1,247**	**218**	**-**	**(6)**	**(101)**	**79**	**1**	**191**
Others	**6**	**6**	**-**	**(21)**	**-**	**36**	**-**	**21**
Segment total	**6,652**	**2,786**	**478**	**(394)**	**(286)**	**277**	**161**	**3,022**
Investment and others	**1,412**	**1,226**	**-**	**106**	**(141)**	**-**	**-**	**1,191**
Corporate expenses	**-**	**(311)**	**-**	**-**	**-**	**-**	**-**	**(311)**
Group total	**8,064**	**3,701**	**478**	**(288)**	**(427)**	**277**	**161**	**3,902**
30 June 2018								
Investment property	1,685	956	737	25	(105)	-	-	1,613
Hong Kong	79	59	333	-	(13)	-	-	379
Mainland China	1,606	897	404	25	(92)	-	-	1,234
Development property	3,938	1,327	-	96	(131)	268	758	2,318
Hong Kong	-	(3)	-	-	(44)	-	721	674
Mainland China	3,938	1,330	-	96	(87)	268	37	1,644
Hotels	225	42	-	-	-	-	-	42
Logistics	1,256	247	-	(15)	(88)	141	6	291
Terminals	1,251	242	-	6	(88)	95	6	261
Others	5	5	-	(21)	-	46	-	30
Segment total	7,104	2,572	737	106	(324)	409	764	4,264
Investment and others	719	500	-	(177)	105	-	-	428
Corporate expenses	-	(304)	-	-	-	-	-	(304)
Group total	7,823	2,768	737	(71)	(219)	409	764	4,388

2. SEGMENT INFORMATION

b. Analysis of inter-segment revenue

Six months ended 30 June	2019 Total Revenue HK$ Million	2019 Inter-segment revenue HK$ Million	2019 Group Revenue HK$ Million	2018 Total Revenue HK$ Million	2018 Inter-segment revenue HK$ Million	2018 Group Revenue HK$ Million
Investment property	**2,040**	**-**	**2,040**	1,685	-	1,685
Development property	**3,092**	**-**	**3,092**	3,938	-	3,938
Hotels	**267**	**-**	**267**	225	-	225
Logistics	**1,253**	**-**	**1,253**	1,256	-	1,256
Investment and others	**1,412**	**-**	**1,412**	719	-	719
Group total	**8,064**	**-**	**8,064**	7,823	-	7,823

c. Disaggregation of revenue

Revenue from contracts with customers recognised in accordance with the accounting standard HKFRS 15 amounted to HK$4,840 million (2018: HK$5,633 million), which included revenue from development property, hotels, logistics and property management fee HK$228 million (2018: HK$214 million) as included in investment property segment.

d. Geographical information

Six months ended 30 June	Revenue 2019 HK$ Million	Revenue 2018 HK$ Million	Operating profit 2019 HK$ Million	Operating profit 2018 HK$ Million
Hong Kong	**1,627**	1,779	**767**	586
Mainland China	**6,420**	6,037	**2,919**	2,176
Others	**17**	7	**15**	6
Group total	**8,064**	7,823	**3,701**	2,768

3. OPERATING PROFIT

Operating profit is arrived at :

	Six months ended 30 June	
	2019	2018
	HK$ Million	HK$ Million
After charging / (crediting) :-		
Depreciation and amortisation on		
– assets held for use under operating leases	**81**	78
– property, plant and equipment	**233**	217
– leasehold land	**31**	32
– right-of-use assets	**19**	-
Total depreciation and amortisation	**364**	327
Staff costs	**975**	1,053
Cost of trading properties for recognised sales	**1,684**	2,715
Gross rental revenue from investment properties (Note)	**(2,040)**	(1,685)
Direct operating expenses of investment properties	**835**	705
Interest income	**(877)**	(236)
Dividend income from other long term investments	**(348)**	(291)

Note: Rental income included contingent rentals of HK$466 million (2018: HK$334 million).

4. OTHER NET CHARGE

Other net charge for the period amounted to HK$288 million (2018: HK$71 million) mainly comprises :

a. Net foreign exchange gain of HK$128 million (2018: loss of HK$58 million) which included the impact of foreign exchange contracts.

b. Net fair value loss of HK$38 million on other long term investments classified as financial assets at fair value through profit or loss.

c. Provision for diminution in value of HK$357 million was made in respect of certain development properties in the Mainland China.

5. FINANCE COSTS

	Six months ended 30 June	
	2019	2018
	HK$ Million	HK$ Million
Interest charged on :		
Bank loans and overdrafts	**306**	254
Other borrowings	**315**	383
Total interest charge	**621**	637
Other finance costs	**27**	19
Less : Amount capitalised	**(243)**	(262)
	405	394
Fair value loss / (gain) :		
Cross currency interest rate swaps	**32**	(93)
Interest rate swaps	**(10)**	(82)
	22	(175)
Group total	**427**	219

Note: The Group's average effective borrowing rate for the period was 3.3% p.a. (2018: 3.4% p.a.).

6. INCOME TAX

Taxation charged to the consolidated income statement represents:

	Six months ended 30 June	
	2019	2018
	HK$ Million	HK$ Million
Current income tax		
Hong Kong		
- provision for the period	**86**	69
- overprovision in respect of prior years	**(8)**	(7)
Outside Hong Kong		
- provision for the period	**723**	285
- underprovision in respect of prior years	**47**	26
	848	373
Land appreciation tax ("LAT") in China	**38**	246
Deferred tax		
Change in fair value of investment properties	**388**	369
Origination and reversal of temporary differences	**189**	499
Benefit of previously unrecognised tax losses now recognised	**(34)**	-
	543	868
Group total	**1,429**	1,487

a. The provision for Hong Kong profits tax is based on the profit for the period as adjusted for tax purposes at the rate of 16.5% (2018: 16.5%).

b. Income tax on profits assessable outside Hong Kong is mainly China corporate income tax calculated at a rate of 25% (2018: 25%) and China withholding tax at a rate of up to 10%.

c. 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 on sales of properties less deductible expenditures including cost of land use rights, borrowings costs and all development property expenditures.

d. Tax attributable to associates and joint ventures for the six months ended 30 June 2019 of HK$192 million (2018: HK$353 million) is included in the share of results of associates and joint ventures.

7. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the profit attributable to ordinary equity shareholders for the period of HK$2,450 million (2018: HK$2,860 million) and the weighted average of 3,047 million ordinary shares in issue during the period (2018: 3,043 million ordinary shares).

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders for the period of HK$2,450 million and the weighted average of 3,050 million ordinary shares which is the weighted average number of ordinary shares in issue during the period after adjusting for the effect of deemed issue of shares under the Company's share option scheme.

8. DIVIDENDS ATTRIBUTABLE TO EQUITY SHAREHOLDERS

	Six months ended 30 June			
	2019	**2019**	2018	2018
	HK$ per share	**HK$ Million**	HK$ per share	HK$ Million
First interim dividend declared after the end of the reporting period :	**0.25**	**762**	0.25	762

a. The first interim dividend based on 3,047 million issued ordinary shares (2018: 3,047 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$1,219 million for 2018 was approved and paid in 2019.

9. TRADE AND OTHER RECEIVABLES

Included in this item are trade receivables (net of allowance for bad and doubtful debts) with an ageing analysis based on invoice date as at 30 June 2019 as follows:

	30 June 2019 HK$ Million	31 December 2018 HK$ Million
Trade receivables		
0 - 30 days	**112**	203
31 – 60 days	**34**	46
61 – 90 days	**22**	19
Over 90 days	**99**	90
	267	358
Other receivables and prepayments	**2,209**	1,364
Group total	**2,476**	1,722

The Group has established credit policies for each of its core businesses. 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 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 2019 as follows:

	30 June 2019 HK$ Million	31 December 2018 HK$ Million
Trade payables		
0 - 30 days	**220**	440
31 - 60 days	**192**	206
61 - 90 days	**84**	16
Over 90 days	**146**	65
	642	727
Rental and customer deposits	**1,132**	1,033
Construction costs payable	**6,980**	8,744
Amount due to associates	**3,562**	2,709
Amount due to joint ventures	**3,527**	3,070
Other payables	**3,247**	4,144
Group total	**19,090**	20,427

11. REVIEW OF UNAUDITED INTERIM FINANCIAL INFORMATION

The unaudited interim financial information for the six months ended 30 June 2019 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 one exception as regards Code Provision A.2.1 providing for the roles of the chairman and chief executive to be performed by different individuals.

Such deviation 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 thereby enabling more effective planning and better execution of long-term strategies. 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 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 listed securities of the Company during the financial period under review.

RELEVANT DATES FOR INTERIM DIVIDEND

Ex-entitlement date	26 August 2019 (Mon)
Latest time to lodge share transfer	4:30 p.m., 27 August 2019 (Tue)
Record date/time	6:00 p.m., 27 August 2019 (Tue)
Payment Date	11 September 2019 (Wed)

In order to qualify for the above-mentioned interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company’s Registrars, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not later than 4:30 p.m. on Tuesday, 27 August 2019.

By Order of the Board
Kevin C. Y. Hui
Company Secretary

Hong Kong, 8 August 2019

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Stephen T. H. Ng, Mr. Andrew O. K. Chow, Ms. Doreen Y. F. Lee, Mr. Paul Y. C. Tsui and Mr. Kevin K. P. Chan, together with five Independent Non-executive Directors, namely, Professor Edward K. Y. Chen, Mr. Vincent K. Fang, Mr. Hans Michael Jebsen, Ms. Elizabeth Law and Mr. David Muir Turnbull.