

To: Business/Property Editor

 Date: 13 August 2019
 For immediate release

**HYSAN DEVELOPMENT COMPANY LIMITED
2019 INTERIM RESULTS**

HIGHLIGHTS

- Turnover and Recurring Underlying Profit increased year-on-year by 9.1% and 8.9% respectively, taking into account full-period operation of new development Lee Garden Three
- Occupancies of Retail and Office portfolios were 96% and 97% respectively
- Volatile market conditions with ongoing economic and socio-political challenges

RESULTS

	<i>Notes</i>	Six months ended 30 June		Change
		2019	2018	
		HK\$ million	HK\$ million	
Turnover	1	2,086	1,912	+9.1%
Recurring Underlying Profit	2	1,394	1,280	+8.9%
Underlying Profit	3	1,394	1,280	+8.9%
Reported Profit	4	2,783	3,013	-7.6%
		HK cents	HK cents	
Basic earnings per share, based on:				
Recurring Underlying Profit	2	133	122	+8.9%
Underlying Profit	3	133	122	+8.9%
Reported Profit	4	266	288	-7.6%
First Interim Dividend per Share		27	27	-
		As at 30 June 2019 HK\$ million	As at 31 December 2018 HK\$ million	
Shareholders' Funds	5	76,021	74,431	+2.1%
		HK\$	HK\$	
Net Asset Value per Share	6	72.64	71.12	+2.1%

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** 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** is arrived at by excluding principally the unrealised fair value changes on investment properties from Reported Profit.
4. **Reported Profit** is the profit 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.

HYSAN DEVELOPMENT 1H 2019 TURNOVER UP 9.1% TO HK\$2,086 MILLION

Results

Hysan Development Company Limited (Stock Code: 00014) today (13 August 2019) announced the Group's **turnover** was HK\$2,086 million in first half of 2019, representing a year-on-year increase of 9.1% from HK\$1,912 million recorded in 1H 2018.

Recurring Underlying Profit, the key measurement of our core leasing business performance, was up 8.9% to HK\$1,394 million (2018: HK\$1,280 million). Our **Underlying Profit** in 1H 2019, was also HK\$1,394 million, up by 8.9% from 1H 2018. Basic earnings per share based on Recurring Underlying Profit/Underlying Profit correspondingly rose to HK133 cents (2018: HK122 cents), up 8.9%.

The Group's **Reported Profit** for 1H 2019 was HK\$2,783 million (2018: HK\$3,013 million). This reflected a fair value gain of HK\$1,453 million (2018: HK\$1,790 million) on the Group's investment properties' valuation. As at 30 June 2019, the valuation of the Group's investment property portfolio was HK\$79,568 million (31 December 2018: HK\$77,442 million). This reflected a combination of factors: improved lettings in the retail sector, the continued positive outlook for office rental and enhanced asset value due to a number of upgrade works. The capitalisation rates used in valuing each portfolio remained unchanged from those adopted as at the end of 2018.

Shareholders' Funds increased by 2.1% to HK\$76,021 million (31 December 2018: HK\$74,431 million).

Dividends

A first interim dividend of HK27 cents per share (2018: HK27 cents) was announced. The dividend will be payable in cash. Please see the table for all the relevant dates:

Closure of register of members	Wednesday, 28 August 2019
Ex-dividend date	Monday, 26 August 2019
Latest time to lodge transfer documents	Tuesday, 27 August 2019
Record date for first interim	Wednesday, 28 August 2019
First interim dividend payment date	On or about Friday, 6 September 2019

Financial Management

Hysan adhered to a policy of financial prudence and maintained a strong financial position.

Gearing

- Total Gross Debt: HK\$7,576 million (31 Dec 2018: HK\$6,326 million)
- Net Debt to Equity: 4.9% (31 Dec 2018: 4.7%)

Debt Profile

- Fixed Rate Debt: 79.5% of the total gross debt (31 Dec 2018: 75.5% of the total gross debt)
- Average Debt Maturity: 5.1 years (31 Dec 2018: 3.9 years)
- Capital Market Issuance: 79.5% (31 Dec 2018: 75.5%)
- Average Cost of Finance: 3.6% (2018: 3.6%)
- Net Interest Coverage: 19.1 times (2018: 17.9 times)

Credit Rating

- Moody's: A3; Fitch: A-; Standard and Poor's: BBB+

COMMENTS BY MS. IRENE YUN LIEN LEE, CHAIRMAN

Overview

Hysan achieved a 9.1% increase in its first half 2019 turnover and an 8.9% improvement in its Recurring Underlying Profit, taking into account full-period operation of new development Lee Garden Three. Our office and retail rental reversions and occupancies were robust, while residential portfolio's results saw satisfactory improvement. Our estimated retail tenant sales growth of around 4% fared better than Hong Kong's general retail sales which declined 2.6%, against a backdrop of headwinds from economic and socio-political factors, as well as weaker domestic demand.

Mutual Empowerment

Hysan is a dual-engine business. The Group's office portfolio accounted for more than 40% of the turnover, while the retail portfolio contributed around 50%.

In recent years, Hysan has implemented measures to tackle the structural changes in the retail and office sectors. Our expanded and diverse retail offerings concentrated in a vibrant community is unique in Hong Kong. Discerning local and multinational companies increasingly choose to work in an environment which offers facilities that can cater to their staff and their families' needs and well-being during the week and weekends. Our ability to attract and expand our office tenant demographics in turn enables us to broaden our retail offerings. This dynamic relationship between the two sectors creates a positive, self-sustaining cycle, and is a special feature of our dual-engine empowerment business model. This model has and will continue to power our business.

The introduction of global financial institutions in Lee Garden Three has pivoted our office portfolio towards a higher concentration of banking and finance tenants, accounting for about 25% of total office lettable space.

Co-working/flex spaces have become part of the modern office ecosystem. They fill a useful and necessary gap for corporate tenants who increasingly require flexibility as well as an attractive work environment for their younger staff. In addition, flex spaces are popular with start-ups who then move into permanent spaces, often in the same area, once they are established. Our portfolio of flex tenants bring a more transient and diverse community of consumers who in turn drive a more dynamic approach to retail.

We have introduced a wide range of food and beverage establishments with drinking elements, more lifestyle retail geared towards home decor, high-end appliances, beauty and pampering, wellness and health. We have strengthened our children's offering beyond fashion. Our office tenants with young families are interested in children's lifestyle items such as "to dream for" children's furniture and more choices in family friendly restaurants. We have launched a private children's club which offers a rich calendar of activities set in an indoor playground and connects to a generous outdoor space.

Community Creation

Hysan's portfolio is situated in one of Hong Kong's most unique areas. Lee Gardens is a tree-lined oasis which integrates low-rise heritage buildings with impressive award-winning high-rises.

Our diverse neighbourhood, especially the low-rise area, offers unique accents. For instance, a world renowned camera brand flagship store commissioned a full-building-height mural, further adding to our area's creative and playful character. Those who visit this area of contrast and diversity can enjoy many exclusive experiences, ranging from a "new economy" recycling fashion house, and a private library, to a traditional knitting wool specialist and a renowned Shanghainese crab outlet. Every corner of the streets of Lee Gardens area has a new discovery for modern travellers and curious locals.

We continue to upgrade our loyalty club facilities while introducing exciting new shopping and dining experiences, together with popular street events, in-mall family entertainment and many tenant or third-party partnership activities. These all help to bring a distinct Lee Gardens character to this special part of Causeway Bay.

Placemaking breathes life into our office and retail spaces that were not fully utilised in the past. A lobby area at Hysan Place has now been turned into a hotspot which provides regular arts and cultural events. Another part of the same lobby now houses a trendy food and drinks outlet that complements the artistic hub. We also utilise unused spaces throughout our portfolio to strategically showcase new concepts or to host activities such as children's events.

Our physical connectivity is further integrated in a virtual way by our area-wide video-speed Wi-Fi. The enhanced infrastructure powers our new retail model, transforming the shopping experience with initiatives like personalised customer relationship management, e-coupons and big data analytics. Beyond this, we aspire to turn Lee Gardens into a world class "smart community", where the "smart mobility", "smart living" and "smart environment" concepts will be propelled by innovative business technology.

Thinking Long Term

Hysan is committed to the life cycle of working, living, shopping and socialising, which can be enjoyed by all generations. We have deep roots in the area and we will continue to think and plan for the long term.

In late 2018, a Sustainability Committee was formalised and a refreshed Sustainability Policy was established. The Group will continue to integrate our sustainable initiatives in environmental, social and governance policy into our core business operations and partnerships.

Outlook

Hong Kong's economy is expected to face increasing uncertainties in the second half of 2019. A global economic slowdown and the Sino-U.S. trade disputes are likely to affect Hong Kong. Internally, the recent social conflicts are expected to further impact Hong Kong's economy, especially in terms of investment demand and tourism.

While the volatile market conditions and uncertainties may create pressure for Hysan in the short term, the Group believes its proactive and dynamic curation of the commercial tenant mix, its focus on asset enhancement and strength in property management, an integrated and connected portfolio set in one of Hong Kong's most unique communities, together with a healthy balance sheet, will continue to power the Group and realise its longer term goals.

-ends-

For enquiries, please contact:

Mark Tung
General Manager, Corporate Communications
Hysan Development Company Limited
Tel: (852) 28955777
Email: mark.tung@hysan.com.hk

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the period ended 30 June 2019 (unaudited)

	<u>Notes</u>	Six months ended 30 June	
		<u>2019</u> HK\$ million	<u>2018</u> HK\$ million
Turnover	4	2,086	1,912
Property expenses		(238)	(224)
Gross profit		1,848	1,688
Investment income		50	33
Other gains and losses		11	(9)
Administrative expenses		(123)	(108)
Finance costs		(127)	(107)
Change in fair value of investment properties		1,453	1,790
Share of results of associates		145	137
Profit before taxation		3,257	3,424
Taxation	6	(265)	(241)
Profit for the period	7	2,992	3,183
Profit for the period attributable to:			
Owners of the Company		2,783	3,013
Non-controlling interests		209	170
		2,992	3,183
Earnings per share (expressed in HK cents)	8		
Basic		266	288
Diluted		266	288

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2019 (unaudited)

	Six months ended 30 June	
	<u>2019</u>	<u>2018</u>
	HK\$ million	HK\$ million
Profit for the period	<u>2,992</u>	<u>3,183</u>
Other comprehensive income (expenses)		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Revaluation of properties held for own use:		
Gains on revaluation of properties held for own use	18	32
Deferred taxation arising on revaluation	(3)	(5)
	<u>15</u>	<u>27</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Net adjustments to hedging reserve	29	3
Share of translation reserve of an associate	(17)	(36)
	<u>12</u>	<u>(33)</u>
Other comprehensive income (expenses) for the period (net of tax)	<u>27</u>	<u>(6)</u>
Total comprehensive income for the period	<u>3,019</u>	<u>3,177</u>
Total comprehensive income attributable to:		
Owners of the Company	2,810	3,007
Non-controlling interests	209	170
	<u>3,019</u>	<u>3,177</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019 (unaudited)

	<u>Notes</u>	As at 30 June 2019 HK\$ million	As at 31 December 2018 HK\$ million (audited)
Non-current assets			
Investment properties		79,568	77,442
Property, plant and equipment		765	747
Investments in associates		3,668	3,708
Loans to associates		14	11
Investment in a joint venture		144	145
Loans to a joint venture		1,075	1,062
Fund investment		308	294
Term notes		141	-
Other financial assets		1	1
Other receivables	10	333	386
		<u>86,017</u>	<u>83,796</u>
Current assets			
Accounts and other receivables	10	232	203
Term notes		31	227
Time deposits		2,445	748
Cash and cash equivalents		1,391	2,069
		<u>4,099</u>	<u>3,247</u>
Current liabilities			
Accounts payable and accruals	11	782	873
Deposits from tenants		310	331
Amounts due to non-controlling interests		223	223
Borrowings		-	300
Taxation payable		245	108
		<u>1,560</u>	<u>1,835</u>
Net current assets		<u>2,539</u>	<u>1,412</u>
Total assets less current liabilities		<u>88,556</u>	<u>85,208</u>
Non-current liabilities			
Borrowings		7,556	6,022
Other financial liabilities		3	26
Deposits from tenants		737	669
Deferred taxation		886	854
		<u>9,182</u>	<u>7,571</u>
Net assets		<u>79,374</u>	<u>77,637</u>
Capital and reserves			
Share capital		7,720	7,718
Reserves		68,301	66,713
Equity attributable to owners of the Company		<u>76,021</u>	<u>74,431</u>
Non-controlling interests		<u>3,353</u>	<u>3,206</u>
Total equity		<u>79,374</u>	<u>77,637</u>

Notes:

1. Independent Review

The interim results for the six months ended 30 June 2019 are unaudited, but have been reviewed 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 Hong Kong Institute of Certified Public Accountants (the “HKICPA”), by Deloitte Touche Tohmatsu, whose report on review of condensed consolidated financial statements is included in the interim report to be sent to shareholders. The interim results have also been reviewed by the Group’s Audit and Risk Management Committee.

2. Basis of Preparation

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2019 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the HKICPA.

The financial information relating to the year ended 31 December 2018 that is included in this result announcement 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 these statutory financial statements required to be 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 2018 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.

3. 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 computations followed in the preparation of the unaudited condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2018, except for the application of all the new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for the Group’s financial year beginning on 1 January 2019 as disclosed below.

Except as described below, the adoption of these new and amendments to HKFRSs had no material effect on the results and financial position of the Group and / or disclosures set out in the unaudited condensed consolidated financial statements for the current and / or prior accounting periods.

Impacts and changes in accounting policies of application on HKFRS 16 “Leases”

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 "Leases", and the related interpretations. However, assessments of whether a contract, which existed prior to 1 January 2019, contains a lease in accordance with HKAS 17 and Hong Kong (IFRIC) – Interpretation 4 “Determining whether an Arrangement contains a Lease” have been maintained. No reassessment of the related lease contracts has been made.

Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. The Group, as a lessor, is thus not required to make any adjustment on transition for leases but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated. However, the application of HKFRS 16 resulted the changes in accounting policies as described below.

The Group as a lessor

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at the date of initial application are considered as additional lease payments from lessees. This application has had no material impact on the Group’s condensed consolidated statement of profit or loss for the six months ended 30 June 2019 and the condensed consolidated statement of financial position as at 1 January 2019 and 30 June 2019.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. This application has had no material impact on the Group’s condensed consolidated statement of financial position as at 1 January 2019. However, effective from 1 January 2019, lease payments received from lessees relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

4. 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.

For revenue from provision of property management services recognised over time in Hong Kong, the categories for disaggregation of revenue are consistent with the segment disclosure under note 5.

5. 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 and sale of properties

Segment turnover and results

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

	<u>Retail</u> HK\$ million	<u>Office</u> HK\$ million	<u>Residential</u> HK\$ million	<u>Property Development</u> HK\$ million	<u>Consolidated</u> HK\$ million
<i>For the six months ended 30 June 2019 (unaudited)</i>					
Turnover					
Leasing of investment properties	914	818	141	-	1,873
Provision of property management services	87	111	15	-	213
Segment revenue	1,001	929	156	-	2,086
Property expenses	(125)	(84)	(29)	-	(238)
Segment profit	876	845	127	-	1,848
Investment income					50
Other gains and losses					11
Administrative expenses					(123)
Finance costs					(127)
Change in fair value of investment properties					1,453
Share of results of associates					145
Profit before taxation					3,257

	<u>Retail</u> HK\$ million	<u>Office</u> HK\$ million	<u>Residential</u> HK\$ million	<u>Property</u> <u>Development</u> HK\$ million	<u>Consolidated</u> HK\$ million
<i>For the six months ended</i>					
<i>30 June 2018 (unaudited)</i>					
Turnover					
Leasing of investment properties	884	724	115	-	1,723
Provision of property management services	78	96	15	-	189
Segment revenue	<u>962</u>	<u>820</u>	<u>130</u>	<u>-</u>	<u>1,912</u>
Property expenses	(106)	(92)	(26)	-	(224)
Segment profit	<u>856</u>	<u>728</u>	<u>104</u>	<u>-</u>	<u>1,688</u>
Investment income					33
Other gains and losses					(9)
Administrative expenses					(108)
Finance costs					(107)
Change in fair value of investment properties					1,790
Share of results of associates					137
Profit before taxation					<u>3,424</u>

All of 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 purposes of resource allocation and performance assessment.

Segment assets

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

	<u>Retail</u> HK\$ million	<u>Office</u> HK\$ million	<u>Residential</u> HK\$ million	<u>Property</u> <u>Development</u> HK\$ million	<u>Consolidated</u> HK\$ million
<i>As at 30 June 2019 (unaudited)</i>					
Segment assets	35,864	35,210	8,509	1,219	80,802
Investments in and loans to associates					3,682
Fund investment					308
Other assets					5,324
Consolidated assets					90,116
<i>As at 31 December 2018 (audited)</i>					
Segment assets	35,112	34,160	8,185	1,207	78,664
Investments in and loans to associates					3,719
Fund investment					294
Other assets					4,366
Consolidated assets					87,043

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, fund investment, term notes, other financial assets, 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 profit.

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

6. Taxation

	Six months ended 30 June	
	<u>2019</u> HK\$ million	<u>2018</u> HK\$ million
Current tax		
Hong Kong Profits Tax		
- current period	241	222
- underprovision in prior periods	2	3
	<u>243</u>	<u>225</u>
Deferred tax	22	16
	<u>265</u>	<u>241</u>

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

7. Profit for The Period

	Six months ended 30 June	
	<u>2019</u> HK\$ million	<u>2018</u> HK\$ million
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	<u>10</u>	<u>9</u>
Gross rental income from investment properties including contingent rentals of HK\$52 million (2018: HK\$54 million)	<u>(1,873)</u>	<u>(1,723)</u>
Staff costs (including directors' emoluments)	<u>138</u>	<u>127</u>
Share of income tax of associates (included in share of results of associates)	<u>57</u>	<u>60</u>

8. Earnings Per Share

(a) Basic and diluted earnings per share

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

	<u>Earnings</u>	
	Six months ended 30 June	
	<u>2019</u>	<u>2018</u>
	HK\$ million	HK\$ million
Earnings for the purposes of basic and diluted earnings per share:		
Profit for the period attributable to owners of the Company	<u>2,783</u>	<u>3,013</u>
	<u>Number of shares</u>	
	Six months ended 30 June	
	<u>2019</u>	<u>2018</u>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>1,046,512,587</u>	1,045,976,162
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	<u>368,066</u>	<u>642,092</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>1,046,880,653</u>	<u>1,046,618,254</u>

In both periods, the computation of diluted earnings per share does not assume the exercise of certain of the Company's outstanding share options as the exercise prices of those options were higher than the average market price for shares.

(b) Adjusted basic and diluted earnings per share

For the purpose of assessing the performance of the Group's principal activities, the management is of the view that the profit for the period attributable to the owners of the Company should be adjusted in the calculation of basic and diluted earnings per share as follows:

For the six months ended 30 June 2019 (unaudited)

	<u>Profit</u> HK\$ million	<u>Basic</u> <u>earnings</u> <u>per share</u> HK cents	<u>Diluted</u> <u>earnings</u> <u>per share</u> HK cents
Profit for the period attributable to owners of the Company	2,783	266	266
Change in fair value of investment properties	(1,453)	(139)	(139)
Effect of non-controlling interests' shares	135	13	13
Share of change in fair value of investment properties (net of deferred taxation) of associates	(45)	(4)	(4)
Imputed interest income on interest-free loan to a joint venture	(15)	(2)	(2)
Other gains and losses	(11)	(1)	(1)
Underlying Profit	1,394	133	133
Recurring Underlying Profit	1,394	133	133

For the six months ended 30 June 2018 (unaudited)

	<u>Profit</u> HK\$ million	<u>Basic</u> <u>earnings</u> <u>per share</u> HK cents	<u>Diluted</u> <u>earnings</u> <u>per share</u> HK cents
Profit for the period attributable to owners of the Company	3,013	288	288
Change in fair value of investment properties	(1,790)	(172)	(172)
Effect of non-controlling interests' shares	95	9	9
Share of change in fair value of investment properties (net of deferred taxation) of associates	(33)	(3)	(3)
Imputed interest income on interest-free loan to a joint venture	(14)	(1)	(1)
Other gains and losses	9	1	1
Underlying Profit	1,280	122	122
Recurring Underlying Profit	1,280	122	122

Notes:

- (i) *Recurring Underlying Profit is arrived at by excluding from Underlying Profit items that are non-recurring in nature. As there were no such adjustments in both the six months ended 30 June 2019 and 30 June 2018, the Recurring Underlying Profit is the same as the Underlying Profit.*
- (ii) *The denominators used in calculating the adjusted basic and diluted earnings per share are the same as those detailed above for basic and diluted earnings per share.*

9. Dividends

(a) Dividends recognised as distribution during the period:

	Six months ended 30 June	
	<u>2019</u>	<u>2018</u>
	HK\$ million	HK\$ million
2018 second interim dividend paid – HK117 cents per share	1,224	-
2017 second interim dividend paid – HK111 cents per share	-	1,161
	<u>1,224</u>	<u>1,161</u>

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

	Six months ended 30 June	
	<u>2019</u>	<u>2018</u>
	HK\$ million	HK\$ million
First interim dividend		
- HK27 cents per share (2018: HK27 cents per share)	<u>283</u>	<u>283</u>

The first interim dividend for 2019 is not recognised as a liability as at 30 June 2019 because it has been declared after the end of the reporting period. It will be payable in cash.

10. Accounts and Other Receivables

	As at	As at
	30 June	31 December
	<u>2019</u>	<u>2018</u>
	HK\$ million	HK\$ million
Accounts receivable	15	15
Interest receivable	54	46
Prepayments in respect of investment properties	160	228
Other receivables and prepayments	336	300
Total	<u>565</u>	<u>589</u>
Analysed for reporting purposes as:		
Current assets	232	203
Non-current assets	333	386
	<u>565</u>	<u>589</u>

Rents from leasing of investment properties are normally received in advance. As at 30 June 2019, accounts receivable of the Group with carrying amount of HK\$15 million (31 December 2018: HK\$15 million) mainly represented rental receipts in arrears, which were aged less than 90 days.

11. Accounts Payable and Accruals

	As at 30 June <u>2019</u> HK\$ million	As at 31 December <u>2018</u> HK\$ million
Accounts payable	214	257
Interest payable	93	74
Other payables	475	542
	782	873

As at 30 June 2019, accounts payable of the Group with carrying amount of HK\$124 million (31 December 2018: HK\$175 million) were aged less than 90 days.