TAI SANG LAND DEVELOPMENT LIMITED
大生地產發展有限公司

(Incorporated in Hong Kong with limited liability)
(Stock code : 89)

2018 INTERIM RESULTS

FINANCIAL HIGHLIGHTS

For the six months ended 30th June 2018

- Revenue increased by 25.0% to HK$166.2 million.
- Profit for the period increased by 288.3% to HK$459.0 million.
- Underlying profit increased by 44.3% to HK$35.2 million.
- Interim dividend declared of HK10 cents per ordinary share.

The board of directors of Tai Sang Land Development Limited (the "Company") announced the unaudited Condensed Consolidated Interim Financial Information of the Company and its subsidiaries (collectively the "Group") for the six months ended 30th June 2018 as follows:

1. CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30TH JUNE 2018 – UNAUDITED

		For the six months ended 30th June	
	Note	**2018**	2017
		HK$'000	*HK$'000*
Revenues	*(2)(a)*	**166,169**	133,005
Cost of sales	*(3)*	**(47,605)**	(43,267)
Gross profit		**118,564**	89,738
Fair value gains on investment properties		**434,067**	78,301
Other gains, net	*(4)*	**3,151**	8,199
Administrative expenses	*(3)*	**(55,548)**	(52,916)
Other operating expenses	*(3)*	**(7,033)**	(3,307)
Operating profit		**493,201**	120,015
Finance income	*(5)*	**91**	36
Finance costs	*(5)*	**(16,521)**	(11,734)
Finance costs, net		**(16,430)**	(11,698)
Profit before income tax		**476,771**	108,317
Income tax (expense)/credit	*(6)*	**(17,808)**	9,863
Profit for the period		**458,963**	118,180
Profit attributable to:			
Owners of the Company		**442,450**	108,142
Non-controlling interests		**16,513**	10,038
		458,963	118,180
Earnings per share (basic and diluted)	*(7)*	**HK$1.54**	HK$0.38

2. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30TH JUNE 2018 – UNAUDITED

	For the six months ended 30th June	
	2018	2017
	HK$'000	*HK$'000*
Profit for the period	**458,963**	118,180
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Net fair value gain on available-for-sale financial assets	**-**	2,069
Recycle to profit or loss upon disposal of available-for-sale financial assets	**-**	(4,773)
Item that will not be reclassified to profit or loss		
Changes in the fair value of equity investments at fair value through other comprehensive income	**(3,655)**	-
Other comprehensive income for the period	**(3,655)**	(2,704)
Total comprehensive income for the period	**455,308**	115,476
Total comprehensive income attributable to:		
Owners of the Company	**440,459**	104,999
Non-controlling interests	**14,849**	10,477
	455,308	115,476

3. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2018 - UNAUDITED

	Note	**As at 30th June 2018** *HK$'000*	As at 31st December 2017 *HK$'000*
Non-current assets			
Property, plant and equipment		**1,543,292**	1,429,097
Investment properties		**8,069,514**	7,566,706
Financial assets at fair value through other comprehensive income		**31,093**	-
Available-for-sale financial assets		**-**	34,760
		9,643,899	9,030,563
Current assets			
Properties for sale		**101,740**	101,740
Inventory		**-**	50
Debtors and prepayments	*(9)*	**47,313**	41,737
Current income tax recoverable		**188**	91
Cash and cash equivalents		**52,773**	51,510
		202,014	195,128
Total assets		**9,845,913**	9,225,691
Equity and liabilities			
Equity attributable to the owners of the Company			
Share capital		**417,321**	417,321
Reserves		**7,164,998**	6,747,553
		7,582,319	7,164,874
Non-controlling interests		**224,124**	211,013
Total equity		**7,806,443**	7,375,887

	Note	As at 30th June 2018 HK$'000	As at 31st December 2017 HK$'000
Non-current liabilities			
Long term bank loans – secured		**830,144**	734,210
Deferred income tax liabilities		**263,981**	247,906
		1,094,125	982,116
Current liabilities			
Rental and other deposits		**85,568**	86,921
Creditors and accruals	*(10)*	**69,730**	49,935
Current income tax liabilities		**1,402**	708
Short term bank loans – secured		**326,000**	345,991
Current portion of long term bank loans – secured		**462,645**	384,133
		945,345	867,688
Total equity and liabilities		**9,845,913**	9,225,691

Notes:

(1) Basis of preparation and accounting policies

This unaudited condensed consolidated interim financial information of the Group for the six months ended 30th June 2018 (the "Condensed Consolidated Interim Financial Information") has been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets at fair value through other comprehensive income ("FVOCI") at fair value, and in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial information relating to the year ended 31st December 2017 that is included in the Condensed Consolidated Interim Financial Information 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 (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31st December 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

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 407(3) of the Hong Kong Companies Ordinance (Cap. 622).

The Group had net current liabilities of HK$743,331,000 as at 30th June 2018. The current liabilities mainly included short term bank loans of HK$326,000,000 and current portion of long term bank loans of HK$462,645,000. Based on the Group's history of refinancing, its available banking facilities and its assets backing, the directors consider that the Group will be able to obtain sufficient financial resources so as to enable it to operate and meet its liabilities as and when they fall due. The directors believe that the Group will continue as a going concern and consequently prepared the Condensed Consolidated Interim Financial Information on a going concern basis.

Except as described below, the accounting policies and methods of computation used in the preparation of the Condensed Consolidated Interim Financial Information are consistent with those used in the annual report for the year ended 31st December 2017 (the "2017 Annual Report"). The Condensed Consolidated Interim Financial Information should be read in conjunction with the 2017 Annual Report, which has been prepared in accordance with the Hong Kong Financial Reporting Standards.

The following new standards and amendments to standards are relevant to the Group for the accounting period beginning on 1st January 2018.

Annual Improvements Project	Annual Improvements 2014-2016 Cycle
HKAS 40 (Amendment)	Transfers of Investment Property
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers

The impact of the adoption of HKFRS 9 and HKFRS 15 are disclosed as below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

Changes in accounting policies

This note explains the impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers on the Group's Condensed Consolidated Interim Financial Information and also discloses the new accounting policies that have been applied from 1st January 2018, where they are different to those applied in prior periods.

(a) HKFRS 9 Financial Instruments – Impact of adoption

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments and impairment of financial assets.

The adoption of HKFRS 9 Financial Instruments from 1st January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the Condensed Consolidated Interim Financial Information. The new accounting policies are set out in note (b) below. In accordance with the transitional provisions in HKFRS 9 (7.2.15) and (7.2.26), comparative figures have not been restated.

(i) Classification and measurement

On 1st January 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the financial assets at FVOCI.

The Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI for all its available-for-sale financial assets. The Group has used modified retrospective approach while adopting HKFRS 9, without restating comparative information. As a result, listed and unlisted available-for-sale financial assets with a fair value of HK$34,760,000 at 31st December 2017 were reclassified from available-for-sale financial assets to financial assets at FVOCI on 1st January 2018. A retained profits with HK$28,001,000 were adjusted in the opening retained profits on 1st January 2018 to investment revaluation reserve to account for the restatement of the impairment of investments in past years.

(ii) Impairment of financial assets

The Group's trade receivables are subjected to HKFRS 9's new expected credit loss model. The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments.

The Group is continuing to assess the implications of applying the new impairment model. While the application of this new guidance represents a change in accounting, this is not expected to have a material impact on the Group's financial position and/or financial performance as, based on assessment today, the credit losses calculated pursuant to the new requirements for a number of the Group's operations are not expected to be significantly different from the amount recognised under their current credit loss provision practices.

(b) HKFRS 9 Financial Instruments – Accounting policies applied from 1st January 2018

(i) Classification

From 1st January 2018, the Group classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

(ii) Measurement

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

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iii) Impairment

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

(c) HKFRS 15 Revenue from Contracts with Customers – Impact of adoption

HKFRS 15 replaces the provisions of HKAS 18, HKAS 11 and the related interpretations that relate to the recognition of revenues. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1st January 2018 which had no material effect on timing and amount of revenues recognised in the Condensed Consolidated Interim Financial Information.

(2) Revenue and Segment information

(a) Revenues recognised during the period are as follows:

	For the six months ended 30th June	
	2018	2017
	HK$'000	*HK$'000*
Revenues		
Property rental		
– investment properties	**134,673**	104,729
– properties for sale	**13,441**	13,455
Property related services	**10,506**	6,325
Hotel operations	**7,549**	7,449
Catering operations	**-**	1,047
	166,169	133,005

Property rental and property related services revenue above included amounts of HK$640,000 (2017: HK$869,000) and HK$269,000 (2017: HK$254,000) respectively from related companies and persons based on prices and terms as agreed by parties involved. Except for catering operations, all of the Group's revenues are recognised over-time as the services are performed.

(b) Operating segments

The chief operating decision-maker has been identified as the executive directors of the Company. The board of directors reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The board of directors considers the business from a geographic perspective and has identified the operating segments of the Group in Hong Kong and North America.

The board of directors assesses the performance of the operating segments based on their underlying profit, which is measured by profit after income tax excluding fair value changes on investment properties (net of deferred income tax in the United States), and their segment assets and segment liabilities which is measured in a manner consistent with that in the Condensed Consolidated Interim Financial Information.

There are no sales between the operating segments.

	Hong Kong *HK$'000*	North America *HK$'000*	Total *HK$'000*
For the six months ended 30th June 2018			
Segment revenues			
Property rental	**116,432**	**31,682**	**148,114**
Property related services	**10,506**	**-**	**10,506**
Hotel operations	**7,549**	**-**	**7,549**
Total segment revenues	**134,487**	**31,682**	**166,169**
Segment results – underlying profit			
– Property rental and related services	**24,437**	**10,010**	**34,447**
– Hotel operations	**729**	**-**	**729**
Fair value gains on investment properties	**408,335**	**25,732**	**434,067**
Deferred income tax, net	**-**	**(10,280)**	**(10,280)**
Profit for the period	**433,501**	**25,462**	**458,963**
Included in segment results:			
Finance income	**7**	**84**	**91**
Finance costs	**(14,212)**	**(2,309)**	**(16,521)**
Income tax expense *(note)*	**(7,515)**	**(13)**	**(7,528)**
Depreciation	**(7,439)**	**(1,584)**	**(9,023)**
Capital expenditure	**187,783**	**4,219**	**192,002**
At 30th June 2018			
Property, plant and equipment	**1,527,342**	**15,950**	**1,543,292**
Investment properties	**7,242,550**	**826,964**	**8,069,514**
Non-current assets (excluding financial assets at fair value through other comprehensive income)	**8,769,892**	**842,914**	**9,612,806**
Non-current financial assets at fair value through other comprehensive income	**31,093**	**-**	**31,093**
Current assets	**166,524**	**35,490**	**202,014**
Segment assets	**8,967,509**	**878,404**	**9,845,913**
Current liabilities	**929,947**	**15,398**	**945,345**
Non-current liabilities	**819,083**	**275,042**	**1,094,125**
Segment liabilities	**1,749,030**	**290,440**	**2,039,470**

	Hong Kong	North America	Total
	HK$'000	*HK$'000*	*HK$'000*
For the six months ended 30th June 2017			
Segment revenues			
Property rental	91,200	26,984	118,184
Property related services	6,325	-	6,325
Hotel operations	7,449	-	7,449
Catering operations	1,047	-	1,047
Total segment revenues	106,021	26,984	133,005
Segment results – underlying profit			
– Property rental and related services	20,629	5,669	26,298
– Hotel operations	419	-	419
– Catering operations	(2,377)	-	(2,377)
Fair value gains/(loss) on investment properties	120,474	(42,173)	78,301
Deferred income tax credit, net	-	15,539	15,539
Profit/(loss) for the period	139,145	(20,965)	118,180
Included in segment results:			
Finance income	4	32	36
Finance costs	(9,953)	(1,781)	(11,734)
Income tax expense *(note)*	(5,663)	(13)	(5,676)
Depreciation	(7,175)	(1,127)	(8,302)
Capital expenditure	156,938	16,940	173,878
At 31st December 2017			
Property, plant and equipment	1,412,007	17,090	1,429,097
Investment properties	6,769,250	797,456	7,566,706
Non-current assets (excluding available-for-sale financial assets)	8,181,257	814,546	8,995,803
Non-current available-for-sale financial assets	34,760	-	34,760
Current assets	163,418	31,710	195,128
Segment assets	8,379,435	846,256	9,225,691
Current liabilities	849,673	18,015	867,688
Non-current liabilities	716,374	265,742	982,116
Segment liabilities	1,566,047	283,757	1,849,804

Note: The amount excludes net deferred income tax of North America segment.

(3) Cost and expenses

	For the six months ended 30th June	
	2018	2017
	HK$'000	*HK$'000*
Depreciation	**9,023**	8,302
Outgoings in respect of		
– investment properties	**24,966**	22,238
– properties for sale	**5,507**	3,757
– property related services	**10,049**	6,478
– property, plant and equipment	**877**	981
– hotel operations	**5,089**	5,280
– catering operations	**-**	3,406
Operating lease rental for office premises to a related company *(note)*	**2,244**	1,559
Employee benefit expense	**32,855**	33,411
Others	**19,576**	14,078
Total cost of sales, administrative and other operating expenses	**110,186**	99,490

Note: The transaction was entered with a company with common key management personnel and based on prices and terms as agreed between the parties involved.

(4) Other gains, net

	For the six months ended 30th June	
	2018	2017
	HK$'000	*HK$'000*
Dividend income from financial assets at fair value through other comprehensive income/available-for-sale financial assets	**3,169**	3,484
Gain on disposal of available-for-sale financial assets	**-**	4,773
Loss on disposal of property, plant and equipment, net	**(18)**	(58)
	3,151	8,199

(5) Finance income and costs

	For the six months ended 30th June	
	2018	2017
	HK$'000	*HK$'000*
Finance income		
Interest income from banks	**91**	36
Finance costs		
Interest expenses on bank loans and overdrafts	**(26,920)**	(19,143)
Less: Amount capitalised in property, plant and equipment and investment property	**10,399**	7,409
	(16,521)	(11,734)
Finance costs, net	**(16,430)**	(11,698)

(6) Income tax (expense)/credit

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits for the period. Except for the minimum United States state tax which has been paid during the period, no overseas taxation (2017: HK$Nil) has been provided as there is no estimated taxable profit for the overseas subsidiaries for the period.

The amount of income tax (charged)/credited to the condensed consolidated statement of profit or loss represents:

	For the six months ended 30th June	
	2018	2017
	HK$'000	*HK$'000*
Income tax (expense)/credit	**(17,808)**	9,863

(7) Earnings per share

The calculation of basic earnings per share is based on profit attributable to owners of the Company of HK$442,450,000 (2017: HK$108,142,000) and on 287,670,000 (2017: 287,670,000) ordinary shares in issue during the period.

As there are no dilutive potential ordinary shares for the six months ended 30th June 2018 and 2017, the diluted earnings per share is equal to the basic earnings per share.

(8) Dividend

	For the six months ended 30th June	
	2018	2017
	HK$'000	*HK$'000*
Interim, declared, of HK10 cents (2017: HK8 cents) per ordinary share	**28,767**	23,014

At a meeting held on 24th August 2018, the directors declared an interim dividend of HK10 cents per ordinary share for the year ending 31st December 2018. This declared dividend is not reflected as a dividend payable in this Condensed Consolidated Interim Financial Information, but will be reflected as an appropriation of retained profits for the year ending 31st December 2018.

(9) Debtors and prepayments

Included in debtors and prepayments are trade debtors of HK$486,000 (at 31st December 2017: HK$690,000) and their ageing analysis is as follows:

	As at 30th June 2018	As at 31st December 2017
	HK$'000	*HK$'000*
0-30 days	**406**	690
31-60 days	**80**	-
	486	690

The trade debtors represent rental and management fee receivables. The Group normally does not grant credit period to rental receivables, and grants 30 days credit period to management fees receivables.

(10) Creditors and accruals

Included in creditors and accruals are trade creditors of HK$6,254,000 (at 31st December 2017: HK$6,941,000) and their ageing analysis is as follows:

	As at 30th June 2018	As at 31st December 2017
	HK$'000	*HK$'000*
0-30 days	**6,239**	6,896
31-60 days	**7**	4
61-90 days	**-**	2
Over 90 days	**8**	39
	6,254	6,941

CHAIRMAN'S STATEMENT

Result

I am pleased to report that the Group's consolidated profit for the first half of 2018 was HK$459.0 million, an increase of HK$340.8 million or 288.3% as compared to HK$118.2 million for 2017. Earnings per share for the first half of 2018 were HK$1.54 (2017: HK$0.38), a rise of 305.3% over the same period last year. The consolidated profit for the first half of 2018 included the fair value gains on investment properties (net of the deferred tax in the United States) of HK$423.8 million, as compared to the fair value gains on investment properties (net of the deferred tax in the United States) of HK$93.8 million for the same period last year.

Excluding the effect of the fair value gains on investment properties (net of the deferred tax in the United States), the Group's underlying profit for the first half of 2018 was approximately HK$35.2 million, increased by HK$10.8 million or 44.3% as compared to the corresponding figure of HK$24.4 million for the same period of 2017. The increase in the underlying profit was attributable to the significant increase in the rental income from Gateway ts in Hong Kong and Montgomery Plaza in the USA.

The revenues of the Group for the first half of 2018 was HK$166.2 million, increased by HK33.2 million or 25.0% as compared to HK$133.0 million for the same period last year.

At 30th June 2018, the investment properties of the Group were revalued at HK$8,069.5 million (at 31st December 2017: HK$7,566.7 million), increased by HK$502.8 million or 6.6% for the first half of 2018. Total equity amounted to HK$7,806.4 million (at 31st December 2017: $7,375.9 million).

Dividend

The directors have declared an interim dividend of HK10 cents (2017: HK8 cents) per ordinary share.

Outlook

The prospect of Gateway ts is promising. It is expected that the growth in rental income from Gateway ts will continue as the rental rate will rise upon renewal in the coming years. The rental rate and occupancy rate of Montgomery Plaza in the USA are also benefit from the USA Corporate Tax Reduction Policy.

The global economy is slowing down from the tariffs war recently, the inflation world-wide is alleviated and may cause the pace in the interest rate hike to slow down. Hopefully the tariffs war will settle soon, so not to affect the global economy.

Barring any unforeseen circumstances, the Group will continue to pursue the prudent policy. We remain cautiously optimistic in our operation.

William Ma Ching Wai
Chairman

Hong Kong, 24th August 2018

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and prospects

In Hong Kong, the gross rental income for the first half of 2018 was HK$116.4 million, increased HK$25.2 million or 27.6% as compared to the same period last year. These increment were attributable to the significant increase in gross rental income from Gateway ts, whereas rental contribution from other sectors remained stable.

The hotel room charge income of Hotel LBP for the first half of 2018 was HK$7.5 million, remained stable with a slight increase of HK$0.1 million as compared to the same period last year. The occupancy rate for the first half of 2018 was stable at about 96% in average. The profit generated from the hotel operation for the first half of 2018 was HK$0.7 million, an increase of HK$0.3 million as compared to the same period last year. The Group has stopped the operation of the restaurant Gees at the beginning of 2018 and the factory canteen operation for serving the tenants at Gateway ts will be contracted out in the third quarter of 2018.

In the USA, the gross rental income from Montgomery Plaza was HK$31.7 million for the first half of 2018, increased by HK$4.7 million or 17.4%, as compared to the same period last year. The office spaces occupancy rate of Montgomery Plaza was 97% as at the half year end of 2018.

The Group's liquidity and financial resources

During the relevant period, the Group’s total bank borrowings increased by HK$154.5 million to HK$1,618.8 million (at 31st December 2017: HK$1,464.3 million). The total equity increased by HK$430.5 million to HK$7,806.4 million (at 31st December 2017: HK$7,375.9 million) and the long term bank loans outstanding was HK$1,292.8 million (at 31st December 2017: HK$1,118.3 million). The debt to equity ratio was 20.7% (at 31st December 2017: 19.9%).

There are sufficient committed banking facilities available for the Group’s current funding needs and future business requirements. The Group’s financial position remains healthy. There are no exposure to foreign exchange risk as the bank borrowings are in either Hong Kong or US dollars and the repayment of principal and interest will be made by the respective lending currency.

The Group has adopted and maintained the policy of reliance on short-term finances which is more economical because of lower interest rate. In light of the low debt ratio and long term harmonious relationship with our bankers, the Group considers that this policy will continue to be used to lower the operation cost and the current policy will not impose any liquidity risks.

Capital structure of the Group

The capital structure of the Group has not changed materially from the last annual report. The Group's borrowings are primarily denominated in Hong Kong and US dollars. The Group therefore has no significant exposure to foreign exchange fluctuation.

The maturity of the Group's long term bank loans is as follows:

	As at 30th June 2018 *HK$'000*	As at 31st December 2017 *HK$'000*
– within one year	**462,645**	384,133
– in the second year	**339,016**	334,572
– in the third to fifth year	**491,128**	399,638
	1,292,789	1,118,343

The Group's bank borrowings of HK$1,513.8 million (at 31st December 2017: HK$1,329.3 million) are secured by certain properties with an aggregate carrying amount of HK$6,200.5 million (at 31st December 2017: HK$5,734.6 million) and the rental income thereon.

Details of number and remuneration of employees

As at 30th June 2018, the Group employed a total of 169 full-time employees, including the directors. In addition to salary payment, other benefits include discretionary bonus, insurance, medical schemes and mandatory provident fund schemes.

INTERIM DIVIDEND AND RECORD DATE

The board of directors has resolved to declare an interim dividend of HK10 cents (2017: HK8 cents) per ordinary share, payable on 24th September 2018 to shareholders whose names standing on the register of members at the close of business on 7th September 2018 (the "Record Date"). In order to qualify for the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Registrar and Transfer Office, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 7th September 2018.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

CORPORATE GOVERNANCE

The Company has complied with the code provisions of Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) during the period, except the following:

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. William Ma Ching Wai, the Chairman of the Board of Directors (the “Chairman”) was appointed the Chief Executive of the Company on 15th June 2017, since then Mr. William Ma holds both positions as the Chairman and Chief Executive of the Company. The Board believes that vesting the roles of both Chairman and Chief Executive in the same person will enable the Company to have a stable and consistent leadership and also facilitate the planning and execution of the Company’s strategy and is hence for the interest of the Company and its shareholders.

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in the Model Codes for Securities Transactions by Directors of Listed Issuers (the “Model Codes”) contained in Appendix 10 of the Listing Rules.

On specific enquires made, all directors have confirmed that, in respect of the accounting period covered by the interim report, they have complied with the required standard set out in the Model Codes and the Company’s code of conduct regarding directors’ securities transactions.

INDEPENDENT REVIEW

The interim results have been reviewed by the Audit Committee of the Company. The interim results for the six months ended 30th June 2018 are unaudited, but have also been reviewed by PricewaterhouseCoopers, the Company’s independent auditor, 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. A Report on Review of Interim Financial Information is included in the interim report to be sent to shareholders.

By Order of the Board
William Ma Ching Wai
Chairman

Hong Kong, 24th August 2018

Registrar and Transfer Office
Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong

As at the date of this announcement, the Board comprised of nine directors, of which Mr. William Ma Ching Wai, Mr. Patrick Ma Ching Hang, Mr. Alfred Ma Ching Kuen, Ms. Amy Ma Ching Sau and Mr. Philip Ma Ching Yeung are executive directors, Mr. Edward Cheung Wing Yui is non-executive director, and Mr. Kevin Chau Kwok Fun, Mr. Tan Soo Kiu and Mr. Yiu Kei Chung are independent non-executive directors.