

To: Business/Property Editor

 Date: 10 August 2020
 For immediate release

**HYSAN DEVELOPMENT COMPANY LIMITED
2020 INTERIM RESULTS**

HIGHLIGHTS

- Turnover and Recurring Underlying Profit declined year-on-year by 5.0% and 3.4% respectively
- Reported Loss arising from non-cash fair value change of investment properties is recorded in the period
- Occupancies of Office and Retail portfolios were 96% and 94% respectively
- Hong Kong's economic outlook for the second half of 2020 remains uncertain, driven by COVID-19 effects, as well as other global and domestic political and economic factors

RESULTS

| | | <i>Notes</i> | Six months ended 30 June | | |
|----------------------------------|---------------------|--------------|-----------------------------------|---------------------------------------|--------|
| | | | 2020 | 2019 | Change |
| Turnover | <i>HK\$ million</i> | 1 | 1,981 | 2,086 | -5.0% |
| Recurring Underlying Profit | <i>HK\$ million</i> | 2 | 1,346 | 1,394 | -3.4% |
| Underlying Profit | <i>HK\$ million</i> | 3 | 1,346 | 1,394 | -3.4% |
| Reported (Loss) Profit | <i>HK\$ million</i> | 4 | (2,626) | 2,783 | n/m |
| Basic (Loss) Earnings per Share | <i>HK cent</i> | | (252) | 266 | n/m |
| First Interim Dividend per Share | <i>HK cent</i> | | 27 | 27 | ±0% |
| | | | As at 30 June 2020 | As at 31 December 2019 | |
| Shareholders' Funds | <i>HK\$ million</i> | 5 | 73,696 | 77,650 | -5.1% |
| Net Asset Value per Share | <i>HK\$</i> | 6 | 70.7 | 74.4 | -5.0% |

n/m: not meaningful

Notes:

1. **Turnover** comprises gross rental income from leasing of investment properties located in Hong Kong and management fee income from the provision of property management services for the period.
2. **Recurring Underlying Profit**, a non-HKFRS measure, is a performance indicator of the Group's core property investment business and is arrived at by excluding from Underlying Profit items that are non-recurring in nature.
3. **Underlying Profit**, a non-HKFRS measure, is arrived at by adding (i) Reported (Loss) Profit excluding unrealized fair value change of investment properties and items not generated from the Group's core property investment business; and (ii) Profit attributable to holders of perpetual capital securities.
4. **Reported (Loss) Profit** is the (loss) 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 INTERIM RESULTS 2020

Results

Hysan Development Company Limited (Stock Code: 00014) today (10 August 2020) announced the Group's turnover for the first half of 2020 was HK\$1,981 million, representing a year-on-year decrease of 5.0% from HK\$2,086 million for the same period in 2019.

Recurring Underlying Profit, our key leasing business performance indicator, and Underlying Profit, were both HK\$1,346 million in the first half of 2020 (both down 3.4% from HK\$1,394 million for the same period in 2019). Hysan's 1H 2020 recorded a Reported Loss of HK\$2,626 million as compared to a Reported Profit of HK\$2,783 million in the same period last year. Basic loss per share for 1H 2020 was HK252 cents (2019: Basic earnings per share HK266 cents).

Shareholders' Fund as at 30 June 2020 decreased to HK\$73,696 million from HK\$77,650 million as at 31 December 2019, reflecting primarily a fair value loss of HK\$4,065 million (2019: fair value gain of HK\$1,453 million) on the Group's investment properties during the period. This loss mainly reflected the expansion of capitalization rates taking into account the increasing market risk of the negative retail sector, coupled with a weakened office sector impacted by global economic uncertainties.

As at 30 June 2020, the investment properties of the Group were valued at HK\$75,630 million, a decrease of 4.4% from HK\$79,116 million as at 31 December 2019.

Dividends

The Board of Directors has declared a first interim dividend of HK27 cents per share (2019: HK27 cents) which will be payable in cash. Please see the table for all the relevant dates:

| | |
|---|--|
| Closure of register of members | Tuesday, 25 August 2020 |
| Ex-dividend date | Friday, 21 August 2020 |
| Latest time to lodge transfer documents | 4pm on Monday, 24 August 2020 |
| Record date for first interim | Tuesday, 25 August 2020 |
| First interim dividend payment date | On or about Thursday, 3 September 2020 |

Financial Management

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

Gearing

- Total Gross Debt: HK\$19,458 million (31 Dec 2019: HK\$12,615 million)
- Net Cash position (31 Dec 2019: Net Debt position)

Diversified funding sources

- Public Issuance in 1H 2020
 - Jun 2020 – USD400m 7-year Senior Notes at 2.875%
 - Mar 2020 – USD850m Subordinated Perpetual Securities at 4.1%

Stable Debt Profile

- Fixed Rate Debt: 89.0% of the total gross debt (31 Dec 2019: 84.0%)
- Average Debt Maturity: 7.2 years (31 Dec 2019: 6.6 years)
- Capital Market Issuance: 89.0% (31 Dec 2019: 84.0%)
- Effective Interest Rate: 3.1% (2019: 3.5%)

Strong Credit Rating

- Net Interest Coverage: 17.0 times (2019: 19.1 times)
- Moody's: A3; Fitch: A-

COMMENTS BY MS. IRENE YUN LIEN LEE, CHAIRMAN

Hong Kong enjoyed a promising but short-lived revival until the first wave of the COVID-19 pandemic was confirmed in January. Tourist arrivals soon dropped to nearly zero and both the city and city life basically shut down. Hong Kong therefore entered a further period of uncertainty having already suffered many months of social unrest during the second half of 2019. This difficult environment was exacerbated by the intensifying tension between China and the U.S. and its allies.

Hong Kong's retail sales in the first half of 2020 declined by more than 33% year-on-year as a result of reduced consumer confidence, lack of tourists and a negative economic climate. Sales of jewellery and luxury goods, in particular, dropped by more than 65% year-on-year. The office sector, while more resilient than retail, nevertheless experienced slowing new demand coupled with existing tenants reconsidering their space requirements due to an uncertain business environment and a work-from-home model triggered by the pandemic.

In this challenging trading environment, Hysan saw a 5.0% decline in its first half 2020 turnover and a 3.4% decrease in its Recurring Underlying Profit. Throughout the unprecedented crisis of a severe pandemic which was preceded by six months of social unrest, Hysan continued our strong commitment to provide a safe, secure and vibrant environment for our tenants, customers, staff members and our Lee Gardens community.

Changes to the Office Sector

COVID-19 has introduced significant behavioural changes, including the usage of physical office space. We see the emergence of hybrid models, as corporations recognize the new normal of flexible locations and flexible working hours leading to multiple location work environment, and including, at least in the short to medium term, a slice of work-from-home component. However, the physical office will continue to function as a gathering place for in-person interaction, including meetings with clients. The "space", its setting, design and facilities, serve to support the human side, the psychology and culture of a company. New office designs are also expected to emphasize health and wellness, catering to the wellbeing needs of staff, both physically and mentally.

Disruptions to Retail

In our recent reports, we highlighted the structural changes faced by the retail sector both globally and in Hong Kong. COVID-19 has accelerated changes. Online disruption in the form of e-commerce growth is an established pillar, with Food and Beverage "click and deliver" being a prime example. This trend is reinforced by technology disruption due to the widespread adoption of artificial intelligence, and virtual reality. Supply chain disruption has been particularly severe in the past six months as COVID-19 stopped production and delayed shipments. Due to COVID-19, locals stayed home and the borders were closed to tourists. In a post COVID-19 world, the consumption patterns and demand of Generations X, Y and Z will continue to shape the retail landscape.

How Hysan is Responding to the Challenges

Hysan takes pride in having a balanced dual-engine portfolio with diversification and synergies generated by the Retail and Office segments. This portfolio helps Hysan remain resilient in the face of both expected and unexpected impacts. Lee Gardens area is a unique and varied combination of retail malls, office buildings and old-Hong Kong low-rise, set in the bustling heart of Hong Kong - busy yet leisurely, steeped in history with a sense of family and community. Hysan's curation of a dynamic and unique tenant mix together with a rich programme of activities and events is designed to create a home away from home, a community with a strong sense of belonging.

As COVID-19 emerged, immediate and appropriate protective measures were put in place in our office and retail ecosystems. From extensive facilities cleaning to body temperature checks, Hysan was among the first Hong Kong landlords to upgrade their properties' health and safety protocols. On the business side, we maintained clear paths of communication with our tenants to provide flexible and multi-faceted solutions ranging from rental assistance to marketing support to help them through their short-term financial and operational difficulties and plan for the longer term.

Efforts made in the past few years to enhance our portfolio have paid off as they strengthened our ability to deal with a downturn. The increased presence of banking and finance tenants, the growth of flex office space and retail's luxury lifestyle concept are among the factors that have increased our resilience. These have been further supported by our investment in and application of business technology and customer relationship management system. We will continue to improve our hardware and software capabilities in anticipation of the accelerated structural changes.

We launched a spending stimulus campaign with our "Power Up" in May. Technology, marketing know-how and close tenant relationships combined to establish an integrated digital platform. E-recruitment, e-payment and e-redemption provided an easy one-stop system which benefitted customers, tenants and the landlord and was well received by all. In the weeks that followed we launched a number of other popular promotional campaigns for shops and eateries. We maintained a momentum of excitement, new ideas and fresh surprise through initiatives such as Club Avenue's new lounge for our loyal VIPs, as well as Bizhouse on Pak Sha Road which showcased a live and work concept for a new cohort of young tenants especially those from the creative industry. Moreover, Xplore, the brainchild of our marketing and corporate communications departments, will roll out a series of bespoke children's programmes ranging from traditional arts and crafts to STEM education, skateboarding and junior rugby.

Outlook

The unknown trajectory of COVID-19 and the macro-geopolitical issues remain major factors in determining Hong Kong's economic outlook for the second half of 2020. These and other economic factors are changing many aspects of our lives at a faster-than-anticipated pace. Our dynamic and balanced portfolio, supported by strong financial position and ample liquidity, as well as our strategy to take the long-term view, provide resilience against crisis and form an essential foundation to realize Hysan's ambitions.

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the period ended 30 June 2020 (unaudited)

| | Notes | Six months ended 30 June | |
|--|-------|--------------------------|----------------------|
| | | 2020 HK\$ million | 2019 HK\$ million |
| Turnover | 4 | 1,981 | 2,086 |
| Property expenses | | (219) | (238) |
| Gross profit | | 1,762 | 1,848 |
| Investment income | | 152 | 50 |
| Other gains and losses | | (8) | 11 |
| Administrative expenses | | (121) | (123) |
| Finance costs | | (234) | (127) |
| Change in fair value of investment properties | | (4,065) | 1,453 |
| Share of results of associates | | 92 | 145 |
| (Loss) profit before taxation | | (2,422) | 3,257 |
| Taxation | 6 | (236) | (265) |
| (Loss) profit for the period | 7 | (2,658) | 2,992 |
| (Loss) profit for the period attributable to: | | | |
| Owners of the Company | | (2,626) | 2,783 |
| Perpetual capital securities holders | | 89 | - |
| Other non-controlling interests | | (121) | 209 |
| | | (2,658) | 2,992 |
| (Loss) earnings per share (expressed in HK cents) | 8 | | |
| Basic | | (252) | 266 |
| Diluted | | (252) | 266 |

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2020 (unaudited)

| | Six months ended 30 June | |
|--|--------------------------|--------------|
| | 2020 | 2019 |
| | HK\$ million | HK\$ million |
| (Loss) profit for the period | (2,658) | 2,992 |
| Other comprehensive (expenses) income | | |
| <i>Items that will not be reclassified subsequently to profit or loss:</i> | | |
| Revaluation of properties held for own use (net of tax) | 2 | 15 |
| Change in fair value of equity instruments at fair value through other comprehensive income ("FVTOCI") | (42) | - |
| | (40) | 15 |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | |
| Net adjustments to hedging reserve | 106 | 29 |
| Share of translation reserve of an associate | (102) | (17) |
| | 4 | 12 |
| Other comprehensive (expenses) income for the period (net of tax) | (36) | 27 |
| Total comprehensive (expenses) income for the period | (2,694) | 3,019 |
| Total comprehensive (expenses) income attributable to: | | |
| Owners of the Company | (2,662) | 2,810 |
| Perpetual capital securities holders | 89 | - |
| Other non-controlling interests | (121) | 209 |
| | (2,694) | 3,019 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020 (unaudited)

| | <u>Notes</u> | As at 30 June 2020 HK\$ million | As at 31 December 2019 HK\$ million (audited) |
|---|--------------|--|---|
| Non-current assets | | | |
| Investment properties | | 75,630 | 79,116 |
| Property, plant and equipment | | 778 | 776 |
| Investments in associates | | 5,179 | 5,189 |
| Loans to associates | | 11 | 11 |
| Investment in a joint venture | | 141 | 143 |
| Loans to a joint venture | | 1,123 | 1,090 |
| Other financial investments | | 725 | 601 |
| Debt securities | | 454 | 172 |
| Other financial assets | | 42 | 8 |
| Other receivables | 10 | 322 | 291 |
| | | 84,405 | 87,397 |
| Current assets | | | |
| Accounts and other receivables | 10 | 473 | 314 |
| Time deposits | | 13,590 | 5,735 |
| Cash and cash equivalents | | 7,513 | 3,597 |
| | | 21,576 | 9,646 |
| Current liabilities | | | |
| Accounts payable and accruals | 11 | 821 | 934 |
| Deposits from tenants | | 366 | 316 |
| Amounts due to other non-controlling interests | | 220 | 220 |
| Borrowings | | 565 | 565 |
| Taxation payable | | 187 | 416 |
| | | 2,159 | 2,451 |
| Net current assets | | 19,417 | 7,195 |
| Total assets less current liabilities | | 103,822 | 94,592 |
| Non-current liabilities | | | |
| Borrowings | | 18,709 | 11,964 |
| Other financial liabilities | | - | 46 |
| Deposits from tenants | | 627 | 685 |
| Deferred taxation | | 957 | 925 |
| | | 20,293 | 13,620 |
| Net assets | | 83,529 | 80,972 |
| Capital and reserves | | | |
| Share capital | | 7,722 | 7,720 |
| Reserves | | 65,974 | 69,930 |
| Equity attributable to owners of the Company | | 73,696 | 77,650 |
| Perpetual capital securities | | 6,693 | - |
| Other non-controlling interests | | 3,140 | 3,322 |
| Total equity | | 83,529 | 80,972 |

Notes:

1. Independent Review

The interim results for the six months ended 30 June 2020 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 for the six months ended 30 June 2020 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 2019 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 those statutory financial statements is as follows:

- The Company has delivered the financial statements for the year ended 31 December 2019 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 2020 are the same as those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the accounting policy of perpetual capital securities.

Perpetual capital securities which includes no contractual obligation for the Group to deliver cash or other financial assets to the holders is classified as equity instrument and is initially recorded at the proceeds received.

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

Application of amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's condensed consolidated financial statements:

| | |
|--|--------------------------------|
| Amendments to HKFRS 3 | Definition of a Business |
| Amendments to HKAS 1 and HKAS 8 | Definition of Material |
| Amendments to HKFRS 9, HKAS 39 and HKFRS 7 | Interest Rate Benchmark Reform |

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs had no material impact on the condensed consolidated financial statements in the current and prior periods. Their impacts on presentation and disclosures, if any, will be reflected on the consolidated financial statements for the year ending 31 December 2020.

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 recognized 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 2020 (unaudited)</i> | | | | | |
| Turnover | | | | | |
| Leasing of investment properties | 815 | 819 | 138 | - | 1,772 |
| Provision of property management services | 85 | 108 | 16 | - | 209 |
| Segment revenue | 900 | 927 | 154 | - | 1,981 |
| Property expenses | (106) | (87) | (26) | - | (219) |
| Segment profit | 794 | 840 | 128 | - | 1,762 |
| Investment income | | | | | 152 |
| Other gains and losses | | | | | (8) |
| Administrative expenses | | | | | (121) |
| Finance costs | | | | | (234) |
| Change in fair value of investment properties | | | | | (4,065) |
| Share of results of associates | | | | | 92 |
| Loss before taxation | | | | | (2,422) |

| | <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 |

All the segment turnover reported above is from external customers.

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

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 Development</u> HK\$ million | <u>Consolidated</u> HK\$ million |
|--|-------------------------------|-------------------------------|------------------------------------|---|-------------------------------------|
| <i>As at 30 June 2020 (unaudited)</i> | | | | | |
| Segment assets | 32,140 | 35,057 | 8,559 | 1,264 | 77,020 |
| Investments in and loans to associates | | | | | 5,190 |
| Other financial investments | | | | | 725 |
| Other assets | | | | | 23,046 |
| Consolidated assets | | | | | <u>105,981</u> |
| <i>As at 31 December 2019 (audited)</i> | | | | | |
| Segment assets | 35,080 | 35,499 | 8,561 | 1,233 | 80,373 |
| Investments in and loans to associates | | | | | 5,200 |
| Other financial investments | | | | | 601 |
| Other assets | | | | | 10,869 |
| Consolidated assets | | | | | <u>97,043</u> |

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

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>2020</u> | <u>2019</u> |
| | HK\$ million | HK\$ million |
| Current tax | | |
| Hong Kong Profits Tax | | |
| - current period | 204 | 241 |
| - underprovision in prior periods | - | 2 |
| | <u>204</u> | <u>243</u> |
| Deferred tax | 32 | 22 |
| | <u>236</u> | <u>265</u> |

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

7. (Loss) Profit for the Period

| | Six months ended 30 June | |
|--|--------------------------|----------------|
| | <u>2020</u> | <u>2019</u> |
| | HK\$ million | HK\$ million |
| (Loss) profit for the period has been arrived at after charging (crediting): | | |
| Depreciation of property, plant and equipment | <u>11</u> | <u>10</u> |
| Gross rental income from investment properties including rentals received with reference to turnover of tenants of HK\$23 million (2019: HK\$52 million) | <u>(1,772)</u> | <u>(1,873)</u> |
| Staff costs (including directors' emoluments) | <u>139</u> | <u>138</u> |
| Share of income tax of associates (included in share of results of associates) | <u>39</u> | <u>57</u> |

8. (Loss) Earnings Per Share

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

| | (Loss) Earnings | |
|---|---------------------------------|-----------------------------|
| | Six months ended 30 June | |
| | <u>2020</u> | <u>2019</u> |
| | HK\$ million | HK\$ million |
| (Loss) earnings for the purposes of basic and diluted (loss) earnings per share: | | |
| (Loss) profit for the period attributable to owners of the Company | <u>(2,626)</u> | <u>2,783</u> |
| | | |
| | Number of shares | |
| | Six months ended 30 June | |
| | <u>2020</u> | <u>2019</u> |
| Weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share | 1,042,562,017 | 1,046,512,587 |
| Effect of dilutive potential ordinary shares: | | |
| Share options issued by the Company | <u>-</u> | <u>368,066</u> |
| Weighted average number of ordinary shares for the purpose of calculating diluted (loss) earnings per share | <u>1,042,562,017</u> | <u>1,046,880,653</u> |

The computation of diluted (loss) earnings per share does not assume the exercise of all (2019: certain) of the Company's outstanding share options as the exercise prices of those options were higher than the average market price for shares.

9. Dividends

(a) Dividends recognized as distribution during the period:

| | Six months ended 30 June | |
|---|---------------------------------|---------------------|
| | <u>2020</u> | <u>2019</u> |
| | HK\$ million | HK\$ million |
| 2019 second interim dividend paid – HK117 cents per share | 1,221 | - |
| 2018 second interim dividend paid – HK117 cents per share | - | 1,224 |
| | <u>1,221</u> | <u>1,224</u> |

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

| | Six months ended 30 June | |
|---|---------------------------------|---------------------|
| | <u>2020</u> | <u>2019</u> |
| | HK\$ million | HK\$ million |
| First interim dividend | | |
| - HK27 cents per share (2019: HK27 cents per share) | <u>281</u> | <u>283</u> |

The first interim dividend for 2020 is not recognized as a liability as at 30 June 2020 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 30 June <u>2020</u> HK\$ million | As at 31 December <u>2019</u> HK\$ million |
|---|---|---|
| Accounts receivable | 126 | 24 |
| Interest receivable | 126 | 105 |
| Prepayments in respect of investment properties | 128 | 124 |
| Other receivables and prepayments | <u>415</u> | <u>352</u> |
| Total | <u>795</u> | <u>605</u> |
| Analysed for reporting purposes as: | | |
| Current assets | 473 | 314 |
| Non-current assets | <u>322</u> | <u>291</u> |
| | <u>795</u> | <u>605</u> |

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

| | As at 30 June <u>2020</u> HK\$ million | As at 31 December 2019 HK\$ million |
|--------------------|---|--|
| Less than 30 days | 57 | 14 |
| Between 31-90 days | 52 | 10 |
| Over 90 days | 17 | - |
| | <u>126</u> | <u>24</u> |

11. Accounts Payable and Accruals

| | As at 30 June <u>2020</u> HK\$ million | As at 31 December <u>2019</u> HK\$ million |
|------------------|---|---|
| Accounts payable | 231 | 319 |
| Interest payable | 153 | 131 |
| Other payables | 437 | 484 |
| | <u>821</u> | <u>934</u> |

As at 30 June 2020, accounts payable of the Group with carrying amount of HK\$115 million (31 December 2019: HK\$220 million) were aged less than 90 days.