

MACRO HEADWIND PERSISTS

MACRO ENVIRONMENT

- Uncertainties stemming from Sino-US trade tension, Brexit as well as global economic slowdown continue.

HONG KONG PROPERTIES HIGHLIGHTS

- **Contracted residential sales** reached HK\$16.2 billion with 1,282 units sold or presold and included:
 - **MONTARA** and **GRAND MONTARA** presold 1,120 units for a total of HK\$9.8 billion.
 - **O'SOUTH VILLAS** portfolio, comprising exquisite residences at GRAND MONTEREY, SAVANNAH and CAPRI, sold 29 villas for HK\$1.7 billion, contributing to a sell-through rate of 98%.
 - **MOUNT NICHOLSON** sold four houses and two apartments for HK\$3.6 billion, or HK\$1.8 billion on an attributable basis.
- **Net order book** grew to HK\$34.9 billion, providing revenue visibility over the forthcoming years.
- As of 30 June 2019, the **land bank under management** was 6.3 million square feet, after successful acquisition of three Kai Tak sites (excluding a fourth acquired subsequent to the period) and presale of MONTARA and GRAND MONTARA.

GROUP FINANCIALS

- **Group underlying net profit** increased by 35% to HK\$7.0 billion, mainly contributed by satisfactory revenue growth of 24% to HK\$21.7 billion. Group operating profit increased by 31% to HK\$12.7 billion.

(If there were no HKFRS 15*, Group revenue would have been HK\$21.7 billion for a decrease of 17% instead. Group operating profit would have increased by 6% to HK\$12.9 billion instead of 31% as reported.)

- Wheelock-Own's **net gearing** was well-maintained at 15.8%.
- The attributable underlying net profit from Wharf REIC increased by 5% to HK\$3.3 billion.

* *HKFRS 15 – Starting from January 2018, revenue from sale of properties is recognised when the legal assignment is completed instead of issue of occupation permit. As such, the sales recognition could be deferred by over half a year. As an effect of this new accounting policy, Wheelock Group's revenue for the first half of 2018 would have been understated by HK\$8.6 billion due to deferral of recognition.*

GROUP RESULTS (UNAUDITED)

Excluding investment property revaluation gain and exceptional items, the underlying net profit was HK\$6,977 million (2018: HK\$5,160 million).

Group profit attributable to equity shareholders was HK\$8,327 million (2018: HK\$8,604 million). Earnings per share were HK\$4.07 (2018: HK\$4.21).

INTERIM DIVIDEND

An interim dividend of 52.5 cents (2018: 50.0 cents) per share will be paid on 17 September 2019 to Shareholders, absorbing a total amount of HK\$1,075 million (2018: HK\$1,024 million).