

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**HARBOUR CENTRE DEVELOPMENT LIMITED**  
*(Incorporated in Hong Kong with limited liability)*  
Stock Code: 51

**Interim Results Announcement  
for the half-year period ended 30 June 2020**

**Pandemic Makes Manner of Recovery Uncertain**

**HIGHLIGHTS**

- Pandemic coupled with prolonged unrest hit Hong Kong hard and fast
- Cross border travels have virtually stopped; domestic consumption is decimated by social distancing
- Hotel segment bears the brunt with room revenue tumbling by up to 97% from last year
- Investment Properties (“IP”) segment is also struggling with tenants’ retail sales caving
- Development Properties (“DP”) sales fell by 89% to RMB120 million
- Paradigm shift may also mean a longer road to recovery and that things will never be the same again
- Substantial unrealised asset impairment and revaluation losses have become necessary
- Against that backdrop, no regular interim dividend will be paid in respect of the period
- However, a one-off tax write-back from DP has enabled the payment of a special interim dividend of 7 HK cents per share to equal the first interim dividend paid last year

## **GROUP RESULTS**

Group loss attributable to equity shareholders amounted to HK\$1,281 million (2019: profit of HK\$268 million). A very substantial one-off tax write-back from DP salvaged an underlying net profit, which nevertheless decreased by 28% to HK\$171 million (2019: HK\$238 million). However, deficit on revaluation of IP and impairment losses on hotels were reported.

Basic loss per share was HK\$1.81 (2019: earnings per share HK\$0.38).

## **INTERIM / SPECIAL INTERIM DIVIDENDS**

The Board has resolved not to declare any regular interim dividend for the half-year period ended 30 June 2020 (2019: HK\$0.07 per share). However, as a non-recurrent distribution, a special interim dividend of HK\$0.07 (2019: Nil) per share will be paid on 1 September 2020 to Shareholders on record as at 6:00 p.m., 17 August 2020. Total dividend distributions for the half-year period ended 30 June 2020 will amount to HK\$0.07 per share (2019: HK\$0.07 per share), absorbing a total amount of HK\$50 million (2019: HK\$50 million).

## **BUSINESS REVIEW**

The economy was hard hit by COVID-19 in unprecedented dimensions. Cross border travels have virtually stopped and domestic consumption is decimated by social distancing. The extreme market conditions of global pandemic and prolonged unrest in Hong Kong imposed intense pressure on the Group's IP and hotel businesses.

IP segment is struggling with tenants' retail sales caving, while hotel segment bears the brunt with room revenue tumbling by up to 97% from last year. DP in mainland China was also affected with construction and sales substantially halted in the first quarter. Sales fell by 89% to RMB120 million.

COVID-19 will continue to affect the Group's businesses, as its duration and extent of impact are not easy to determine under this volatile situation. The local political issues and escalating Sino-US tension also cast great uncertainties over the outlook.

The recovery of business in the second half of the year would be hugely challenging and serious recovery may take a long time when it starts. A paradigm shift may also mean things will never be the same again.

Group revenue for the first half of 2020 declined to HK\$654 million (2019: HK\$799 million) and an operating profit of HK\$11 million (2019: HK\$275 million) was recorded. Underlying net profit decreased to HK\$171 million (2019: HK\$238 million). Inclusive of the IP revaluation and impairment provisions, the Group reported a loss attributable to equity shareholders of HK\$1,281 million (2019: profit of HK\$268 million).

The Group's net debt position was HK\$2,228 million as at 30 June 2020 (31 December 2019: HK\$1,725 million), with gearing at 14.7% (31 December 2019: 9.9%).

## **Hong Kong**

### **Investment Properties**

Hong Kong retail sales tumbled 35% in the first five months of 2020. As luxury and tourist spending shrank to a trickle, the Group offered rental concession to help tenants to ride through the distress. That eroded the performance of the Group's IP portfolio, which reported 42% decrease in revenue and 45% decrease in operating profit.

### **Hotel**

With cross-border travel effectively shut down, Hong Kong High Tariff A hotels only achieved low double-digit occupancies. Despite a healthier month in January, both Marco Polo Hongkong Hotel ("MP Hong Kong") in Tsimshatsui and The Murray, Hong Kong ("The Murray") only registered average occupancies of 15% for the period. The Group's hotel revenue decreased by 72%, resulting in a serious operating loss.

## **Mainland China**

### **Properties**

During the period, presale at 80%-owned Suzhou International Finance Square ("IFS") and 27%-owned Shanghai South Station project was severely impeded. Sales offices were temporarily closed and construction delayed by the lockdown. Suzhou IFS will be completed in 2021 by phase and handover of completed presold units started in June.

Revenue recognised increased to HK\$303 million but an operating loss of HK\$3 million was recorded. As at 30 June 2020, attributable land bank (net of recognised sales) was approximately 0.4 million square metres, whereas net order book stood at RMB3 billion for 0.1 million square metres.

### **Hotel**

Marco Polo Changzhou ("MP Changzhou") was closed for a month due to city lockdown. The hotel suffered an operating loss and serious cash drain. Increase in competition from new hotels has compounded the problem.

## **FINANCIAL REVIEW**

### **(I) Review of 2020 Interim Results**

The Group recorded a net loss attributable to shareholders of HK\$1,281 million (2019: profit of HK\$268 million) in the first half of 2020 due mainly to the extreme market conditions, amid the spreading of COVID-19 pandemic, which adversely impacted the Group's operating performance for all segments and triggered unrealised revaluation deficits of the Group's hotels and IP. Underlying net profit before the unrealised deficits decreased by 28% to HK\$171 million (2019: HK\$238 million).

#### **Revenue and Operating Profit**

Group revenue decreased by 18% to HK\$654 million (2019: HK\$799 million) and operating profit by 96% to HK\$11 million (2019: HK\$275 million).

Hotel revenue nosedived by 72% to HK\$139 million (2019: HK\$499 million), resulting in an operating loss of HK\$179 million (2019: profit of HK\$19 million) with the continuing devastation on hotel businesses caused by worldwide travel restrictions with the fast spreading of COVID-19 pandemic around the world.

IP revenue decreased by 42% to HK\$127 million (2019: HK\$220 million) and operating profit by 45% to HK\$112 million (2019: HK\$203 million) due to collapse of turnover rent and base rent concessions offered to retail tenants amid the extreme market conditions for retailers.

DP revenue increased to HK\$303 million (2019: HK\$10 million) primarily generated from completion of the first phase of Suzhou IFS project with operating loss of HK\$3 million (2019: loss HK\$14 million). A substantial tax write-back redeemed the segment from an underlying net loss, mainly contributed by an associate, to a profit of HK\$200 million (2019: HK\$28 million).

Operating profit from Investment and Others, comprising of interest and dividend income from surplus cash and investments, increased by 21% to HK\$85 million (2019: HK\$70 million).

#### **IP Revaluation**

The Group's IP were stated at fair value based on an independent valuation or internally as at 30 June 2020, resulting in a revaluation deficit of HK\$524 million for the period (2019: surplus HK\$30 million). The attributable net revaluation deficit of HK\$482 million (2019: surplus HK\$30 million) was debited to the consolidated income statement.

**Hotel Impairment**

Impairment provision for hotels of HK\$1,043 million (2019: HK\$ Nil) was made mainly for the hotel under development in Suzhou and The Murray in Hong Kong after an internal revaluation and an independent revaluation respectively, reflecting the prevailing weak market conditions. The attributable net impairment provision of HK\$970 million (2019: HK\$ Nil) was debited to the consolidated income statement.

**Finance Costs**

Net finance costs amounted to HK\$32 million (2019: HK\$29 million) after interest capitalisation of HK\$8 million (2019: HK\$16 million) for the DP projects.

**Share of Results (after Tax) of Associates**

Attributable loss from associate amounted to HK\$76 million (2019: profit HK\$25 million).

**Income Tax**

Tax credit for the period amounted to HK\$350 million (2019: expense of HK\$26 million) mainly due to a one-off land appreciation tax write-back of HK\$494 million for DP upon clearance with relevant tax authorities in Mainland China.

**Loss Attributable to Equity Shareholders**

Group profit attributable to equity shareholders for the period turned into a loss of HK\$1,281 million (2019: profit HK\$268 million). Loss per share was HK\$1.81 (2019: earnings per share (“EPS”) HK\$0.38) based on 708.8 million issued shares.

Excluding the net IP revaluation deficits of HK\$482 million (2019: surplus HK\$30 million) and net impairment provision for hotel properties of HK\$970 million (2019: HK\$ Nil), the Group’s underlying profit attributable to equity shareholders for the period was HK\$171 million (2019: HK\$238 million), representing a decrease of 28%. EPS before hotel property provision and IP revaluation deficits were HK\$0.24 (2019: HK\$0.34) based on 708.8 million issued shares.

**(II) Review of Financial Position, Liquidity, Resources and Commitments****Shareholders’ and Total Equity**

As at 30 June 2020, shareholders’ equity decreased to HK\$14,793 million (2019: HK\$17,084 million), equivalent to HK\$20.87 per share (2019: HK\$24.10 per share). The decrease was mainly due to the reported attributable loss of HK\$1,281 million and investment revaluation deficit of HK\$858 million directly dealt with in reserves. Including non-controlling interests, the Group’s total equity amounted to HK\$15,135 million (2019: HK\$17,467 million).

Hotel properties are stated at cost less accumulated depreciation and impairment provision in accordance with prevailing Hong Kong Financial Reporting Standards (“HKFRSs”).

**Assets and Liabilities**

Total assets were reported at HK\$25,937 million (2019: HK\$28,385 million). Total business assets, excluding bank deposits and cash, equity investments and deferred tax assets, amounted to HK\$21,744 million (2019: HK\$22,036 million).

Geographically, the Group's business assets in Hong Kong decreased by 8% to HK\$11,762 million (2019: HK\$12,824 million), representing 54% (2019: 58%) of the Group's total business assets.

**IP**

IP amounted to HK\$5,217 million (2019: HK\$6,480 million), all of which in Hong Kong (2019: HK\$5,532 million) after reclassification of Mainland IP, representing Suzhou IFS under development, as hotel property under development.

**Properties for Sale / Interests in Associates and Joint Ventures**

DP amounted to HK\$6,272 million (2019: HK\$4,777 million). DP undertaken through associates and joint ventures amounted to HK\$2,727 million (2019: HK\$2,853 million).

**Hotels**

Hotel properties comprised of The Murray, MP Hong Kong, MP Changzhou and hotel under development in Suzhou with total net book value at HK\$6,981 million (2019: HK\$7,408 million).

**Pre-sale Deposits and Proceeds**

Pre-sale deposits and proceeds increased by HK\$111 million to HK\$3,283 million (2019: HK\$3,172 million).

**Net Debt and Gearing**

At 30 June 2020, the Group had net debt of HK\$2,228 million (2019: HK\$1,725 million), consisting of HK\$702 million in cash (mainly held in the Mainland) and HK\$2,930 million in bank borrowings (mainly drawn in Hong Kong). Gearing at 15% on total equity.

**Finance and Availability of Facilities and Funds**

As at 30 June 2020, the Group's available loan facilities amounted to HK\$5,318 million, of which HK\$2,930 million were utilised. Certain banking facilities were secured by mortgage over the Group's properties held for sales with total carrying value of HK\$6,619 million (31 December 2019: HK\$5,701 million).

The Group's debts were principally denominated in Hong Kong dollars ("HKD") and Renminbi ("RMB") at floating rates.

The use of derivative financial instruments is strictly controlled. Instruments entered into by the Group are mainly used for managing and hedging interest rate and currency exposures.

The Group continued to maintain a reasonable level of surplus cash denominated principally in HKD and RMB to facilitate business and investment activities. As at 30 June 2020, the Group also maintained a portfolio of equity investments mainly consisting of blue chip listed securities with an aggregate market value of HK\$3,228 million (2019: HK\$4,065 million), which is available for monetisation to meet needs if they arise. The performance of the portfolio was largely in line with the general market.

#### **Net Cash Flows for Operating and Investing Activities**

For the period under review, the Group recorded a net cash outflow in operating activities of HK\$411 million (2019: inflow HK\$1,237 million) for tax payment of Mainland project. For investing activities, the Group generated a net cash inflow of HK\$25 million (2019: outflow HK\$84 million) mainly from Mainland DP project.

#### **Commitments to Capital and Development Expenditure**

As at 30 June 2020, major capital and development expenditure planned for the forthcoming years totalled HK\$2.4 billion, of which HK\$0.4 billion was committed primarily for Mainland DP and Hotel. Uncommitted expenditure of HK\$2 billion is mainly for the existing Mainland DP and Hotel to be incurred by stage in the coming years.

The above expenditures will be funded by internal financial resources, including cash currently on hand, as well as bank loans. Other available resources include equity investments that can be liquidated when in need.

### **(III) Human Resources**

The Group had approximately 1,200 employees as at 30 June 2020. Employees are remunerated according to their job responsibilities and the market pay trend with a discretionary annual performance bonus as variable pay for rewarding individual performance and contributions to the Group's achievement and results.

**CONSOLIDATED INCOME STATEMENT**  
**For the six months ended 30 June 2020 - Unaudited**

		<b>Six months ended 30 June</b>	
		<b>2020</b>	<b>2019</b>
	<b>Note</b>	<b>HK\$ Million</b>	<b>HK\$ Million</b>
<b>Revenue</b>	<b>2</b>	<b>654</b>	799
Direct costs and operating expenses		(469)	(314)
Selling and marketing expenses		(37)	(52)
Administrative and corporate expenses		(32)	(49)
Operating profit before depreciation, interest and tax		116	384
Depreciation		(105)	(109)
<b>Operating profit</b>	<b>2 &amp; 3</b>	<b>11</b>	275
Changes in fair value of investment properties		(524)	30
Impairment for hotel properties	4	(1,043)	-
Other net loss		(1)	-
		(1,557)	305
Finance costs	5	(32)	(29)
Share of results after tax of associates		(76)	25
(Loss)/profit before taxation		(1,665)	301
Income tax	6(a)	350	(26)
<b>(Loss)/profit for the period</b>		<b>(1,315)</b>	275
<b>(Loss)/profit attributable to:</b>			
Equity shareholders		(1,281)	268
Non-controlling interests		(34)	7
		(1,315)	275
<b>(Loss)/earnings per share</b>	<b>7</b>		
Basic		(HK\$1.81)	HK\$0.38
Diluted		(HK\$1.81)	HK\$0.38



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the six months ended 30 June 2020 - Unaudited**

	<b>Six months ended 30 June 2020</b>	<b>2019</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
<b>(Loss)/profit for the period</b>	<b>(1,315)</b>	<b>275</b>
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Fair value changes on equity investments	(858)	152
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange difference on translation of the operations - subsidiaries	(52)	(12)
Share of reserves of joint ventures	(3)	(1)
<b>Others</b>	<b>2</b>	<b>-</b>
<b>Other comprehensive income for the period</b>	<b>(911)</b>	<b>139</b>
<b>Total comprehensive income for the period</b>	<b>(2,226)</b>	<b>414</b>
<b>Total comprehensive income attributable to:</b>		
Equity shareholders	(2,185)	409
Non-controlling interests	(41)	5
	<b>(2,226)</b>	<b>414</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2020 – Unaudited**

		<b>30 June 2020</b>	<b>31 December 2019</b>
	<b>Note</b>	<b>HK\$ Million</b>	<b>HK\$ Million</b>
<b>Non-current assets</b>			
Investment properties		5,217	6,480
Hotel properties, plant and equipment		7,119	7,558
Interest in associates		1,124	1,249
Interest in joint ventures		1,603	1,604
Equity investments		3,228	4,065
Deferred tax assets		263	374
Other non-current assets		29	29
		<b>18,583</b>	<b>21,359</b>
<b>Current assets</b>			
Properties for sale		6,272	4,777
Inventories		7	7
Trade and other receivables	9	251	310
Prepaid tax		122	22
Bank deposits and cash		702	1,910
		<b>7,354</b>	<b>7,026</b>
<b>Total assets</b>		<b>25,937</b>	<b>28,385</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		(341)	(329)
Bank loans		(2,330)	(1,835)
		<b>(2,671)</b>	<b>(2,164)</b>
<b>Current liabilities</b>			
Trade and other payables	10	(4,171)	(2,722)
Pre-sale deposits and proceeds		(3,283)	(3,172)
Taxation payable		(77)	(1,060)
Bank loans		(600)	(1,800)
		<b>(8,131)</b>	<b>(8,754)</b>
<b>Total liabilities</b>		<b>(10,802)</b>	<b>(10,918)</b>
<b>NET ASSETS</b>		<b>15,135</b>	<b>17,467</b>
<b>Capital and reserves</b>			
Share capital		3,641	3,641
Reserves		11,152	13,443
<b>Shareholders' equity</b>		<b>14,793</b>	<b>17,084</b>
<b>Non-controlling interests</b>		<b>342</b>	<b>383</b>
<b>TOTAL EQUITY</b>		<b>15,135</b>	<b>17,467</b>

## NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

### 1. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION

This unaudited interim financial information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The preparation of the unaudited interim financial information in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The unaudited interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual financial statements for the year ended 31 December 2019. The unaudited interim financial information and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The accounting policies and methods of computation used in the preparation of the unaudited interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2019 except for the changes mentioned below.

With effect from 1 January 2020, the Group has adopted the below amendments which are relevant to the Group’s consolidated financial statements:

Amendments to HKFRS 3	Definition of a business
Amendments to HKAS 1 and HKAS 8	Definition of material

The Group has assessed the impact of the adoption of the above amendments and considered that there was no significant impact on the Group’s results and financial position or any substantial changes in the Group’s accounting policies.

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

The financial information relating to the financial year ended 31 December 2019 that is included in the unaudited interim financial information as comparative information does not constitute the Company's statutory annual financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622 of the laws of Hong Kong) (the "Companies Ordinance") is as follows:

The Company has delivered the financial statements for the year ended 31 December 2019 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance. The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

## **2. SEGMENT INFORMATION**

The Group manages its diversified businesses according to the nature of services and products provided. Management has determined three reportable operating segments for measuring performance and allocating resources. The segments are hotel, investment property and development property. No operating segment has been aggregated to form reportable segments.

Hotel segment represents the operations of The Murray, MP Hong Kong and MP Changzhou.

Investment property segment primarily represents the property leasing of the Group's investment properties in Hong Kong. Some of the Group's development projects in Mainland China include properties which are intended to be held for investment purposes on completion.

Development property segment encompasses activities relating to the acquisition, development, design, sales and marketing of trading properties primarily in Mainland China.

Management evaluates performance based on operating profit as well as the equity share of results of associates and joint ventures of each segment.

Segment business assets principally comprise all tangible assets, intangible assets and current assets directly attributable to each segment with the exception of bank deposits and cash, equity investments and deferred tax assets.

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

(a) Analysis of segment revenue and results

Six months ended	Revenue HK\$ Million	Operating profit/(loss) HK\$ Million	Changes in fair value of investment properties HK\$ Million	Other net loss and impairment HK\$ Million	Finance costs HK\$ Million	Associates HK\$ Million	Profit/(loss) before taxation HK\$ Million
<b>30 June 2020</b>							
Hotel	139	(179)	-	(1,043)	(24)	-	(1,246)
Investment property	127	112	(524)	-	(8)	-	(420)
Development property	303	(3)	-	-	-	(76)	(79)
<b>Segment total</b>	<b>569</b>	<b>(70)</b>	<b>(524)</b>	<b>(1,043)</b>	<b>(32)</b>	<b>(76)</b>	<b>(1,745)</b>
Investment and others	85	85	-	(1)	-	-	84
Corporate expenses	-	(4)	-	-	-	-	(4)
<b>Group total</b>	<b>654</b>	<b>11</b>	<b>(524)</b>	<b>(1,044)</b>	<b>(32)</b>	<b>(76)</b>	<b>(1,665)</b>
<b>30 June 2019</b>							
Hotel	499	19	-	-	(20)	-	(1)
Investment property	220	203	30	-	(9)	-	224
Development property	10	(14)	-	-	-	25	11
<b>Segment total</b>	<b>729</b>	<b>208</b>	<b>30</b>	<b>-</b>	<b>(29)</b>	<b>25</b>	<b>234</b>
Investment and others	70	70	-	-	-	-	70
Corporate expenses	-	(3)	-	-	-	-	(3)
<b>Group total</b>	<b>799</b>	<b>275</b>	<b>30</b>	<b>-</b>	<b>(29)</b>	<b>25</b>	<b>301</b>

- (i) Substantially all depreciation was attributable to the Hotel Segment.
- (ii) No inter-segment revenue has been recorded during the current and prior periods.

**(b) Disaggregation of revenue**

	Six months ended 30 June 2020 HK\$ Million	2019 HK\$ Million
<b>Revenue recognised under HKFRS 15</b>		
Hotel	139	499
Management and services income and other rental related income	19	21
Sale of development properties	303	10
	<b>461</b>	<b>530</b>
<b>Revenue recognised under other accounting standards</b>		
Rental income under investment properties segment		
- Fixed	108	199
Investment and others	85	70
	<b>193</b>	<b>269</b>
Total revenue	<b>654</b>	<b>799</b>

The Group has applied practical expedient in paragraph 121 of HKFRS 15 to exempt the disclosure of revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date to its property management fees and other rental related income as the Group recognises revenue at the amount to which it has a right to invoice, which corresponds directly with the value to the customer of the Group's performance completed to date.

The Group has also applied practical expedient in paragraph 121 of HKFRS 15 to exempt the disclosure of revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date to its revenue from sales of completed properties as the performance obligation is part of a contract that has an original expected duration of one year or less.

### 3. OPERATING PROFIT

Operating profit is arrived at:

	Six months ended 30 June	
	2020	2019
	HK\$ Million	HK\$ Million
<b>After charging/(crediting) :</b>		
Depreciation	105	109
Staff costs (Note)	136	193
Cost of trading properties for recognised sales	281	9
Gross rental revenue from investment properties	(128)	(220)
Direct operating expenses of investment properties	12	9
Interest income	(11)	(18)
Dividend income from equity investments	(74)	(52)

Note: Staff costs included defined contribution pension schemes costs HK\$5 million (2019: HK\$11 million).

### 4. IMPAIRMENT FOR HOTEL PROPERTIES

During the period, the Group conducted an impairment review of hotel properties and determined that The Murray in Hong Kong, MP Changzhou in Mainland China and hotel under development in Suzhou were impaired.

### 5. FINANCE COSTS

	Six months ended 30 June	
	2020	2019
	HK\$ Million	HK\$ Million
Interest on bank borrowings	37	39
Other finance costs	3	6
	40	45
Less: Amount capitalised	(8)	(16)
Total	32	29

## 6. INCOME TAX

- (a) Taxation (credited)/charged to the consolidated income statement represents:

	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
<b>Current income tax</b>		
Hong Kong		
- provision for the period	<b>9</b>	48
Mainland China		
- provision for the period	<b>14</b>	55
	<b>23</b>	103
<b>Land appreciation tax (“LAT”) (Note (d))</b>	<b>(494)</b>	1
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<b>121</b>	(78)
<b>Total</b>	<b>(350)</b>	26

- (b) The provision for Hong Kong profits tax is at the rate of 16.5% (2019: 16.5%) of the estimated assessable profits for the period.
- (c) Income tax on profit assessable in Mainland China are corporate income tax calculated at a rate of 25% (2019: 25%) and withholding tax at a rate of up to 10%.
- (d) Under the Provisional Regulations on LAT, all gains arising from transfer of real estate property in Mainland China are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights, borrowings costs and all property development expenditures. A one-off LAT write-back of HK\$494 million was recorded upon clearance with relevant tax authorities in Mainland China.
- (e) Tax attributable to associates for the six months ended 30 June 2020 of HK\$18 million (2019: HK\$8 million) is included in the share of results of associates.

## 7. LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the loss attributable to equity shareholders for the period of HK\$1,281 million (2019: profit of HK\$268 million) and 708.8 million ordinary shares (2019: 708.8 million shares) in issue during the period.



## 8. DIVIDENDS ATTRIBUTABLE TO EQUITY SHAREHOLDERS

	Six months ended 30 June			
	2020	2020	2019	2019
	HK\$	HK\$	HK\$	HK\$
	Per share	Million	Per share	Million
First interim dividend declared after the end of the reporting period	-	-	0.07	50
Special interim dividend declared after the end of the reporting period	0.07	50	-	-
	<b>0.07</b>	<b>50</b>	0.07	50

- (a) The special interim dividend based on 708.8 million issued ordinary shares (2019: the first interim dividend based on 708.8 million issued ordinary shares) declared after the end of the reporting period has not been recognised as a liability at the end of the reporting period.
- (b) The second interim dividend of HK\$106 million for 2019 was approved and paid in 2020.

## 9. TRADE AND OTHER RECEIVABLES

Included in this item are trade receivables (net of loss allowance) with an ageing analysis based on invoice date as at 30 June 2020 as follows:

	30 June 2020 HK\$ Million	31 December 2019 HK\$ Million
Trade receivables		
0 - 30 days	45	27
31 - 60 days	-	1
Over 60 days	13	9
	<b>58</b>	37
Prepayments	86	74
Other receivables	24	12
Amount due from a non-controlling shareholder	53	54
Amounts due from fellow subsidiaries	30	133
	<b>251</b>	310

The Group has established credit policies for each of its core businesses. The general credit terms allowed range from 0 to 60 days, except for sale of properties the proceeds from which are receivable pursuant to the terms of the agreements. All the trade and other receivables are expected to be recoverable within one year.

## 10. TRADE AND OTHER PAYABLES

Included in this item are trade payables with an ageing analysis based on invoice date as at 30 June 2020 as follows:

	<b>30 June 2020 HK\$ Million</b>	<b>31 December 2019 HK\$ Million</b>
Trade payables		
0 - 30 days	<b>65</b>	26
31 - 60 days	<b>3</b>	1
Over 90 days	<b>2</b>	1
	<b>70</b>	28
Other payables and provisions	<b>436</b>	552
Construction costs payable	<b>2,011</b>	548
Amounts due to fellow subsidiaries	<b>67</b>	5
Amounts due to joint ventures	<b>1,587</b>	1,589
	<b>4,171</b>	2,722

## 11. REVIEW OF UNAUDITED INTERIM FINANCIAL INFORMATION

The unaudited interim financial information for the six months ended 30 June 2020 has been reviewed with no disagreement by the Audit Committee of the Company.

## CORPORATE GOVERNANCE CODE

During the financial period under review, all the code provisions set out in the Corporate Governance Code in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited were met by the Company, with the exception of Code Provision A.2.1 providing for the roles of chairman and chief executive to be performed by different individuals.

It is deemed appropriate as it is considered to be more efficient to have one single person to be the Chairman of the Company as well as to discharge the executive functions of a chief executive. The Board of Directors believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high calibre individuals, with more than half of them being Independent Non-executive Directors.

## PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities during the financial period under review.

## RELEVANT DATES FOR SPECIAL INTERIM DIVIDEND

Ex-entitlement date	14 August 2020 (Fri)
Latest time to lodge share transfer	4:30 p.m., 17 August 2020 (Mon)
Record date/time	6:00 p.m., 17 August 2020 (Mon)
Payment date	1 September 2020 (Tue)

In order to qualify for the abovementioned special interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Registrars, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Monday, 17 August 2020.

By Order of the Board  
**Harbour Centre Development Limited**  
**Kevin C. Y. Hui**  
*Company Secretary*

Hong Kong, 23 July 2020

*As at the date of this announcement, the Board of Directors of the Company comprises Mr. Stephen T. H. Ng, Hon. Frankie C. M. Yick and Mr. Peter Z. K. Pao, together with five Independent Non-executive Directors, namely, Mr. David T. C. Lie-A-Cheong, Mr. Roger K. H. Luk, Mr. Michael T. P. Sze, Mr. Brian S. K. Tang and Mr. Ivan T. L. Ting.*