

## Chairman's Statement



The global economy recorded a moderate pace of expansion during 2018. Continuing concerns over international trade flows and increased volatility in the world's financial markets created more challenging operating conditions in the second half, with economic indicators signalling slower growth in 2019.

To advance our long-term growth strategy, we invested in further leveraging our competitive strengths and building better operational infrastructure to sustain good business momentum in variable market conditions.

Our improved ability to anticipate the changing needs of customers and deliver an enhanced service experience supported good income and profit growth.

Attributable profit increased by 21% to HK\$24,211m. Earnings per share also rose by 21% to HK\$12.48 per share.

Return on average ordinary shareholders' equity was 16.0%, compared with 14.2% in 2017. Return on average total assets was 1.6%, compared with 1.4% for the previous year.

The Directors have declared a fourth interim dividend of HK\$3.60 per share. This brings the total distribution for 2018 to HK\$7.50 per share, compared with HK\$6.70 per share in 2017.

### **Economic Outlook**

After reaching a seven-year high of 4.6% in the first quarter of 2018, economic growth in Hong Kong slowed to a two-year low of 2.9% in the third quarter of the year. Given the city's highly open economy, heightened uncertainty over external economic and geopolitical factors may weigh on short-term growth prospects, although the tight employment market reflects solid fundamentals that continue to support the domestic economy. We forecast full-year GDP growth of 2.7% for 2019, down from an expected rate of 3.3% for 2018.

As mainland China's economy shifts away from a heavy reliance on exports to focus more on services and consumption, private spending is playing an increasingly important role in driving growth. While softer global growth and potential shifts in international trade continue to pose downside risks, the economy should broadly maintain the 'new normal' pace of growth recorded in recent years. We expect full-year GDP growth of between 6.2% and 6.5% in 2019, compared with 6.6% for 2018.

In a dynamic operating environment, we remain focused on executing our progressive strategy for sustainable growth. Our actions to uphold high standards of service excellence, optimise efficiency and take full advantage of new market opportunities will ensure we consistently deliver on the objectives and expectations of our customers and shareholders over the long term.



**Raymond Ch'ien**  
Chairman  
19 February 2019