WHARF

Established 1886

THE WHARF (HOLDINGS) LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 4)

2019 Final Results Announcement

On Plan in 2019 but Virus in 2020

HIGHLIGHTS

- 2019 Group underlying net profit decreased by 58%.
  - Despite meeting operating plans, strict government controls on selling price prompted appropriate financial provisions which resulted in profit from Development Properties ("DP") decreasing by 85%.
  - Profit from Investment Properties ("IP") increased by 44% and met budget.
  - Logistics profit decreased by 17% despite the formation of Hong Kong Seaport Alliance to compete with regional ports.

- 2020 opened with an unprecedented downturn in economic activities due to virus outbreak and nationwide control measures.
  - Substantial sales and construction halted DP progress.
  - Government-instructed closures as well as rental reliefs to tenants hurt IP performance.
  - Hotel occupancy rate falls to low single digit with 98% of last year's revenue lost.
  - The production base in South China is still far from full strength for cargo flow.

GROUP RESULTS

Group underlying net profit for the year decreased by 58% to HK$2,710 million (2018: HK$6,511 million), equivalent to HK$0.89 per share (2018: HK$2.14 per share).

Group profit attributable to equity shareholders, including IP revaluation surplus and other items, decreased by 49% to HK$3,386 million (2018: HK$6,623 million). Basic earnings per share were HK$1.11 (2018: HK$2.18).

DIVIDENDS

A first interim dividend of HK$0.25 per share was paid on 11 September 2019. In lieu of a final dividend, a second interim dividend of HK$0.075 per share will be paid on 23 April 2020 to

Shareholders on record as at 6:00 p.m., 6 April 2020. Total distribution for the year 2019 will amount to HK$0.325 per share (2018: HK$0.65 per share).

2019 BUSINESS REVIEW

MAINLAND IP

Through years of expansion, the Mainland IP portfolio has established market leading positions in the cities where we operate and delivered incremental contribution to the Group's results. Revenue increased by 14% to HK$3,924 million and operating profit by 23% to HK$2,311 million.

Changsha IFS

Celebrating its first full year of operation, revenue and operating profit at this new central China landmark reached HK$810 million and HK$325 million respectively during the year. With continuous operational efforts to enhance environmental sustainability, this tallest building in Hunan Province has achieved LEED Platinum certification.

Retail

Positioned as the leading destination of international luxury, sports fashion, culinary experience, entertainment and lifestyle in central China, Changsha IFS reached out to different clienteles in Hunan and other provinces to generate total retail sales of nearly RMB5 billion in 2019.

Occupancy reached 99% at the end of 2019. The 246,000-square-metre retail podium houses over 370 brands, including top luxury labels, jewelry & watches, fast fashions, 100 debuts for Hunan and 30 split-gender duplex flagships of international brands. Furthermore, over 100 brands staged their first-ever collaboration with Wharf in Mainland China, testament to the Group's constant value creation capability.

Changsha IFS earned numerous worldwide recognitions and acclaims in 2019, including the Gold Award for New Developments in "2019 Asia-Pacific Shopping Center Awards" by International Council of Shopping Centers ("ICSC"); "RLI International Shopping Centre 2019" in the Global RLI Awards 2019; 2019 Winner of "Commercial Project of the Year" awarded by Royal Institution of Chartered Surveyors in China and "2019 Benchmark Shopping Center of China" - Top 100 Players of Commercial Real Estate Awards by Guandian China, etc.

Office and Hotel

With the most coveted location and premium property management services, Changsha IFS redefined the standard of Grade A offices in the city and attracted quality tenants including financial institutions and major corporations. Tower 1 set a new height record in Hunan at 452 metres. Tower 2 is scheduled for opening in 2021.

Occupying top floors of Tower 1, Niccolo Changsha commands bird's eye view of the city skyline and Xiang River. With 243 contemporary chic rooms and deluxe suites, it has quickly taken over as the leading hotel in the city, achieving room occupancy of 86% in the fourth quarter with top ranking in room yield among competitors.

Chengdu IFS

Bringing together the best of international retail, lifestyle and hospitality, Chengdu IFS takes pride in being the industry leader as it maintains its top position among the ten best-performing shopping centres in Mainland China for six consecutive years.

This world-renowned shopping destination has been achieving double-digit growth in tenant sales since opening, demonstrating the increasing strength of Wharf's flagship IP in western China. 2019 saw an 11% growth in revenue to HK$1,747 million, with operating profit up by 21% to HK$947 million.

Retail

Globally recognised as the premier address for luxury retail, Chengdu IFS has always been steps ahead of its peers in curating all-round shopping experiences that appeal to lifestyle-focused and brand-savvy consumers.

Through investing tremendous efforts into consumer culture in areas of marketing and VIP recruitment, the mall has successfully captured a wider market share in Sichuan and neighbouring provinces to generate a significant 14% increase in tenant sales to nearly RMB7 billion in 2019 - a more than threefold increase from 2014.

With occupancy standing high at 97%, the 204,000-square-metre retail complex houses an exquisite collection of over 600 top-tier international brands alongside with constant refinement in tenant mix to bring new flare to the already extensive portfolio.

Among the numerous notable awards garnered for its outstanding performance, Chengdu IFS was the sole winner from Asia at the 13th Heavent Awards, scooping the "Sport, Cultural, Educational or Entertainment Event Award" for a dozen partnership promotion events held under its "International Sister Street" with Paris Saint-Germain-des-Près Committee.

Office, Hotel and IFS Residences

The three premium Grade A towers, featuring unrivalled quality and prime location, attract the highest calibre of office tenants including Fortune 500 corporations, multinationals, financial institutions and major corporations in China West. Commitment rate increased to 85% at year-end in a competitive market, with rental rates standing among the highest in the city.

Niccolo Chengdu achieved room occupancy of 85% and commanded the highest room yield in the city. The commitment to excellence was recognised by numerous prestigious accolades received, and evidenced by its continuous top ranking in room yield.

IFS Residences is among the most highly-rated residences in the city and earned an array of industry awards, including "City Landmark Serviced Apartment" in the 11th China Best Hotel Awards and "The Best Serviced Apartment for Expatriates in China" in 2019 China Tourism and Hotel Awards.

Chongqing IFS

Comprising a 300-metre iconic landmark tower and four triple Grade A towers surmounting a 106,000-square-metre retail podium, Chongqing IFS represents one of the largest mixed-use mega developments in the emerging Jiangbeizui financial district. Standing high above the confluence of Yangtze River and Jialing River, the prestigious landmark offers extensive river view whilst eternally transforming the city's skyline.

As a pioneer of Chongqing's luxury retail era, Chongqing IFS showcases the largest cluster of first-tier brands in the city with a diverse retail portfolio of over 170 premium brands ranging from luxury brands' exclusives or debuts in the city to high-end cosmetic brands' standalone boutiques.

Coupled with exhilarating one-stop lifestyle experiences, the mall offers an enticing array of dining options, as well as exclusive entertainment facilities. Occupancy rate has remained at a high level of 98%.

The Grade A office towers, designed to attain world-class standard with advanced business amenities, offer a sought-after business address for multinationals, Global 500 and state enterprises in the area.

Housed within the top floors of Chongqing IFS, the 252-room Niccolo Chongqing with its outstanding event venues is the city's epicentre for events and celebrations. Occupancy reached 76% during the year.

Shanghai Wheelock Square

The 270-metre landmark in the heart of Puxi core business district remains one of the most compelling choices for multinationals and major corporations, resulting in a consistently high occupancy of 96% at year-end.

MAINLAND DP

Stricter pricing control has been challenging the profitability of the Mainland DP business, despite steady underlying demand, especially for quality properties in top-tier cities. The timing of sales launch was also impacted. Accordingly, the Group is pursuing a very selective landbanking approach, acquiring only a project in Hangzhou from a sister company during the year.

Inclusive of joint ventures and associates on an attributable basis, revenue recognised during the year declined to HK$14,806 million (for 0.4 million square metres of gross floor area ("GFA")), partly due to project timing.

Operating profit decreased to HK$4,927 million, with a healthy operating margin of 33%.

Full year attributable contracted sales totalled RMB19.9 billion, exceeding target by 11% for 4,500 units or 0.6 million square metres. The top 10 projects in four cities, namely Hangzhou, Beijing, Shanghai and Suzhou, contributed to nearly 67% of contracted sales.

As at year-end, the net order book increased to RMB27.4 billion for 0.9 million square metres. As at the end of the year, the DP land bank amounted to 3.5 million square metres.

HONG KONG PROPERTIES

Demand for luxury homes continues to show resilience amid limited new supply, while sales pace proved to be different from the mass market. Future growth momentum is supported by prime projects in Kowloon Tong and Kowloon East in the development pipeline.

The Peak Portfolio

Commanding uninterrupted Victoria Harbour view, Mount Nicholson, a 50%-owned development, presents the pinnacle of refined luxury living. During the year, four houses and three apartments were contracted for sale for a total of HK$4.2 billion or an average of HK$96,000 per square foot.

Superstructure has been completed for 11 Plantation Road and 77 Peak Road, the redevelopment projects providing seven houses (total GFA: 46,000 square feet) and eight houses (total GFA: 42,000 square feet) respectively.

1 Plantation Road for 20 houses (total GFA: 91,000 square feet) is under redevelopment, with superstructure underway. Chelsea Court and Strawberry Hill have been leasing well.

Kowloon Tong Residential Project

Strategically located at the junction of Lion Rock Tunnel Road and Lung Cheung Road, the residential site (total developable GFA: 436,000 square feet) is in the vicinity of the traditional luxury residential precinct of Beacon Hill.

Approval has been granted to build four blocks of 13-storey residential buildings. These ultra-exclusive residences will enjoy stunning views of Kowloon Peninsula. Foundation work is underway.

Kowloon East

The Government's visionary "Energising Kowloon East" initiative is ushering the creation of another core business district for Hong Kong. With the expanding footprint of high grade office buildings and quality retail facilities, Kowloon East has rapidly emerged as a popular decentralized destination.

The enhanced integration and connectivity further expedite the release of development potential. The Group's projects, comprising Kowloon Godown and 15%-owned Yau Tong Bay joint-venture project at the harbourfront, as well as the stake in the new Kai Tak land plot, are set to benefit.

The Group is evaluating different options available for the redevelopment of Kowloon Godown, which comprises a warehouse and an open yard with an existing operating GFA of one million square feet at the harbourfront. Featuring a fantastic Victoria Harbour view, Yau Tong Bay spans a total GFA of four million square feet. This residential project within walking distance to the MTR station will provide about 6,300 residential units.

In late 2019, a harbourfront land site on the runway at the former Kai Tak airport was awarded to a consortium in which the Group participated. With a total consideration of HK$15.95 billion, the plot has a total developable GFA of 1.2 million square feet.

WHARF HOTELS

Currently, the Group manages 17 hotels in Mainland China, Hong Kong and the Philippines, including 13 under the classic brand of Marco Polo and four contemporary chic hotels under the sophisticated Niccolo brand. These hotels comprise a total of 5,750 rooms.

The next addition to the Niccolo branding will be Niccolo Suzhou, scheduled for opening in 2021.

LOGISTICS

The lingering Sino-U.S. trade tension and the subdued global demand further dampened the performance of logistics sector. During the year, segment revenue from Modern Terminals ("MTL") and Hong Kong Air Cargo Terminals ("HACTL") decreased to HK$2,597 million and operating profit decreased to HK$513 million.

Modern Terminals

In the context of a volatile economic environment and stiffer regional competition, container throughput in South China decreased by 3%, with Shenzhen's throughput static and Kwai Tsing's throughput declining by 8%. Market shares of Shenzhen and Kwai Tsing were 64% and 36% respectively.

To improve the regional competitiveness of Hong Kong container port, MTL formed the Hong Kong Seaport Alliance ("HKSPA") with Hongkong International Terminals, COSCO-HIT Terminals and Asia Container Terminals in early 2019. The HKSPA's objectives are to optimize operational efficiency and resources utilization of 23 berths in Kwai Tsing; to maximize efficiencies to the benefit of customers and the industry at large; and to ensure the continuation of transportation and logistics as one of the four pillars of Hong Kong's economy.

In Shenzhen, throughput at DaChan Bay Terminals (MTL's stake: 65%) increased by 3% to 1.3 million TEUs, while that at Shekou Container Terminals (MTL's stake: 20%) increased by 1% to 5.7 million TEUs. Chiwan Container Terminal (MTL's stake: 8%) recorded a throughput of 2.4 million TEUs.

Hong Kong Air Cargo Terminals

HACTL is a leading air cargo terminal operator in Hong Kong with 20.8% owned by the Group. Constant upgrades and system enhancements supported HACTL to deliver consistent and high quality services. Total cargo handled in 2019 was 1.6 million tonnes.

OUTLOOK

Looking ahead, the whole world will be pre-occupied with the virus outbreak and its impact on the already very fragile global economy in the first half of 2020.

Most businesses, particularly those in the Mainland, suffered very badly in the past two months and may take months to recover even after the virus outbreak comes under control. During this normally peak season, customers avoided public places even when they stayed open and hotel revenues fell to less than 5% of what they were same time last year. Material rent relief and marketing aid were granted by landlords. DP construction and sales ground to a halt. Cargo movement thinned. Business for the first quarter of 2020 is already consigned to a washout and the second quarter may not fare much better even if markets return to normal quickly.

Rebuilding will clearly be a national initiative at a time when Sino-US tensions are high and the global economy is nervous. Most would not look for stabilization before late 2020.

FINANCIAL REVIEW

(I) Review of 2019 Final results

Group underlying net profit decreased by 58% to HK$2,710 million (2018: HK$6,511 million) from 2018, mainly due to provisions of HK$3,790 million for impairment losses on certain Mainland Development Properties ("DP") arising on assessment of their net realisable value under the prevailing market conditions. Except for Mainland Investment Properties ("IP"), all segments recorded profit decline.

Revenue and Operating Profit

Group revenue decreased by 20% to HK$16,874 million (2018: HK$21,055 million), mainly due to 45% decrease in DP revenue with less Mainland projects completing for recognition. The decrease was partly alleviated by 14% increase in IP revenue, riding on its maturing portfolio in the Mainland, and higher investment and other income.

Operating profit ("OP") decreased by 10% to HK$7,869 million (2018: HK$8,752 million) with DP decreasing by 43% and IP increasing by 22%.

IP revenue continued to grow by 14% to HK$4,090 million (2018: HK$3,586 million) and OP by 22% to HK$2,423 million (2018: HK$1,984 million), wholly benefitted from the driving force of the expanding Mainland portfolio. Particularly, Chengdu International Finance Square ("IFS") and the maturing Changsha IFS, together contributing over 50% of IP revenue, grew revenue by 13% and 92%, respectively.

DP owned by subsidiaries recognised lower revenue by 45% to HK$7,054 million (2018: HK$12,914 million) and OP by 43% at HK$3,197 million (2018: HK$5,603 million). DP joint ventures are equity-accounted with share of results included in associates/joint ventures.

Hotel revenue increased by 14% to HK$530 million (2018: HK$463 million) came on the back of the newly opened Niccolo Changsha. OP decreased by 41% to HK$53 million (2018: HK$90 million) mainly due to the start-up loss of Niccolo Changsha and decrease in hotel management fees.

Logistics revenue decreased by 1% to HK$2,597 million (2018: HK$2,616 million) and OP by 14% to HK$513 million (2018: HK$597 million), mainly resulting from lower throughput handled by Modern Terminals Limited ("Modern Terminals") in Hong Kong.

Investment and other revenue increased by 76% to HK$2,603 million (2018: HK$1,476 million) and OP grew by 113% to HK$2,167 million (2018: HK$1,016 million) for higher investment income including dividends from the Group's enlarged investment portfolio.

DP Sales and Net Order Book

Inclusive of joint venture projects on an attributable basis, total DP contracted sales decreased by 13% to HK$24,320 million (2018: HK$27,958 million).

Mainland contracted sales decreased by 13% to RMB19,922 million (2018: RMB22,815 million). Revenue (on attributable basis) declined by 33% to HK$14,806 million (2018: HK$22,236 million) and OP decreased by 38% to HK$4,927 million (2018: HK$7,949 million). Net order book increased by 26% to RMB27,411 million (December 2018: RMB21,766 million).

Hong Kong contracted sales, mainly from the Mount Nicholson project, on an attributable basis, amounted to HK$2,081 million (2018: HK$1,919 million). Sales recognition decreased by 29% to HK$1,180 million (2018: HK$1,667 million), which contributed an OP of HK$669 million (2018: HK$1,062 million). Attributable sales recognition of HK$1,184 million was deferred under the new accounting standard that requires recognition at the time of assignment instead of signing of formal agreement.

Fair Value Gain of Investment Properties

The Group's IP portfolio as at 31 December 2019 was HK$74.8 billion (2018: HK$74.7 billion), stating at fair value based on independent valuation with an attributable net revaluation gain of HK$286 million (2018: HK$465 million), after related deferred tax and non-controlling interests, crediting to the consolidated income statement.

Other Net Charge

Other net charge was HK$2,067 million (2018: HK$770 million), including mainly provisions of HK$2,420 million for impairment losses on certain Mainland DP held by subsidiaries partly mitigated by other income.

Together with Mainland DP held by associates and joint ventures, the Group has made total attributable provisions of HK$3,790 million for DP impairment losses.

Finance Costs

Finance costs amounted to HK$1,112 million (2018: HK$512 million), which included an unrealised mark-to-market gain of HK$50 million (2018: HK$375 million) on cross currency and interest rate swaps in accordance with prevailing accounting standards. The effective borrowing rate for 2019 was 3.6% (2018: 3.5%).

Excluding the unrealised mark-to-market gain, finance costs before capitalisation were HK$1,679 million (2018: HK$1,436 million), representing a 17% increase. Finance costs after capitalisation was HK$1,162 million (2018: HK$887 million).

Share of Results (after tax) of Associates and Joint Ventures

Associates' attributable profit decreased by 74% to HK$336 million (2018: HK$1,279 million) mainly due to lower recognition from Mainland DP coupled with impairment loss on certain Mainland DP projects.

Joint ventures attributable profit decreased by 55% to HK$498 million (2018: HK$1,103 million) due to lower recognition from Mount Nicholson and impairment loss on certain Mainland DP projects.

Income Tax

Taxation charge decreased by 27% to HK$3,000 million (2018: HK$4,126 million), which included deferred taxation of HK$736 million (2018: HK$522 million) provided for the current year's revaluation gain attributable to Mainland IP.

Excluding the above deferred taxation, the tax charge was HK$2,264 million (2018: HK$3,604 million), a decrease of 37% for lower profits from Mainland DP partly offset by higher profits from Mainland IP.

Profit to Shareholders

Group underlying net profit (a performance indicator of the Group's major business segments and arrived at after excluding the attributable net IP revaluation gain, mark-to-market and exchange gain/loss on certain financial instruments and exceptional items) decreased by 58% to HK$2,710 million (2018: HK$6,511 million) mainly as a combining result of IP increasing by 44% to HK$1,536 million, DP decreasing by 85% to HK$698 million (2018: HK$4,648 million) after the impairment provisions and Logistics decreasing by 17% to HK$382 million, each accounted for 57%, 26% and 14% of Group total, respectively.

All-inclusively, Group profit attributable to equity shareholders decreased by 49% to HK$3,386 million (2018: HK$6,623 million). Basic earnings per share were HK$1.11, based on weighted average of 3,048 million shares (2018: HK$2.18 based on 3,045 million shares).

(II) Liquidity, Financial Resources and Capital Commitments

Shareholders' and Total Equity

As at 31 December 2019, shareholders' equity increased by 6% to HK$142.9 billion (2018: HK$135.5 billion), equivalent to HK$46.86 per share based on 3,049 million issued shares (2018: HK$44.45 per share based on 3,047 million issued shares). Apart from retained profit, the equity increase is also due to the surplus of HK$8.1 billion arising from investment revaluation yet partly offset by the exchange deficit of HK$2.1 billion on translation of RMB net assets as at year end.

Total equity including non-controlling interests of HK$3.4 billion (2018: HK$3.3 billion) increased by 5% to HK$146.3 billion (2018: HK$138.8 billion).

Assets

Total assets, excluding bank deposit and cash, increased by 2% to HK$214.9 billion (2018: HK$209.9 billion). Properties, Logistics, Investments and other assets accounted for around 78%, 7%, 14% and 1% of the Group, respectively.

Total business assets, excluding bank deposit and cash, financial and deferred tax assets, amounted to HK$182.3 billion (2018: HK$181.0 billion). Geographically, Mainland business assets, mainly comprising properties and terminals, amounted to HK$130.5 billion (2018: HK$135.3 billion), representing 72% (2018: 75%) of total business assets.

Investment properties

IP portfolio stated at valuation of HK$74.8 billion (2018: HK$74.7 billion), representing 41% (2018: same) of total business assets. This portfolio comprised Mainland IP HK$54.0 billion (2018: HK$54.4 billion) and Hong Kong IP HK$20.8 billion (2018: HK$20.3 billion).

Properties for sale

DP assets amounted to HK$44.1 billion (2018: HK$46.0 billion), comprising Mainland DP of HK$30.6 billion (2018: HK$33.2 billion) and Hong Kong DP of HK$13.5 billion (2018: HK$12.8 billion).

Interests in associates and joint ventures

Interests in associates and joint ventures increased to HK$43.1 billion (2018: HK$41.9 billion) resulting from the acquisition of 30% equity interests in Kai Tak site in a public tender in November 2019 at an attributable land cost of HK$4.8 billion, partly offset by sales recognition for the year.

Long term investments

Long term investments amounted to HK$36.5 billion (2018: HK$30.5 billion), including mainly the Group's equity investment in Greentown China Holdings Limited ("Greentown") of HK$5.2 billion and a portfolio of blue chips of HK$31.3 billion held for long term growth and reasonable dividend return. The portfolio performed overall in line with the market and each investment within which is individually not material to the Group's total assets. Revaluation on these investments during the year produced a net surplus of HK$8.1 billion (2018: deficit of HK$5.6 billion) as reflected in the other comprehensive income within which a total of HK$1.1 billion was recycled to retained profits upon de-recognition, turning around the accumulated deficit balance of HK$5.9 billion at 2018 year end to surplus of HK$1.1 billion at end of 2019.

Deposits from sale of properties

Deposits from sale of properties amounted to HK$11.3 billion (2018: HK$9.3 billion) pending for recognition in the coming years.

Net Debt and Gearing

Net debt as at 31 December 2019 was reduced by 26% to HK$19.0 billion (2018: HK$25.6 billion), mainly resulting from proceeds from sales of Mainland DP and long term investments more than re-investments in DP in Hong Kong and the Mainland. The net debt comprised of HK$27.3 billion in bank deposits and cash and HK$46.3 billion in debts. It includes Modern Terminals' net debt of HK$5.9 billion (2018: HK$6.3 billion), which is non-recourse to the Company and its other subsidiaries. Excluding non-recourse debts, the Group's net debt was HK$13.1 billion (2018: HK$19.3 billion). At 31 December 2019, the ratio of net debt to total equity is 13%.

Finance and Availability of Facilities

Total available loan facilities and issued debt securities as at 31 December 2019 amounting to HK$77.1 billion, of which HK$46.3 billion had been utilised, are analysed as below:

	31 December 2019		
	Available Facility HK$ Billion	**Utilised Facility HK$ Billion**	**Un-utilised Facility HK$ Billion**
Company/wholly-owned subsidiaries			
Committed and uncommitted bank facilities	50.4	25.5	24.9
Debt securities	14.4	14.4	-
	64.8	39.9	24.9
Non-wholly-owned subsidiaries			
Committed and uncommitted			
- Modern Terminals	12.3	6.4	5.9
Group total	77.1	46.3	30.8

Of the above debts, HK$7.0 billion (2018: HK$7.4 billion) was secured by mortgages over certain IP, DP and other properties, plant and equipment with total carrying value of HK$29.4 billion (2018: HK$26.5 billion).

The Group's debt portfolio comprised primarily United States dollar ("USD"), Hong Kong dollar ("HKD") and Renminbi. Funds sourced from such debt portfolio were mainly used to finance IP, DP and port investments.

The use of derivative financial instruments is strictly monitored and controlled. The majority of the derivative financial instruments entered into are primarily used for management of interest rate and currency exposures.

The Group continued to maintain a strong financial position with ample surplus cash and undrawn committed facilities to facilitate business and investment activities. In addition, the Group also maintained a portfolio of liquid listed investments with an aggregate market value of HK$34.2 billion (2018: HK$29.2 billion), which is available for use if necessary.

Cash Flows for the Group's Operating and Investing Activities

For the year under review, the Group's net cash inflows of HK$6.5 billion (2018: HK$8.4 billion) together with increase in working capital resulting from decrease in DP acquisitions generated a total net cash from operating activities of HK$9.3 billion (2018: outflow HK$8.1 billion). For investing activities, the Group recorded a net outflow of HK$2.8 billion (2018: HK$22.6 billion) mainly for increase in investment in Mainland DP joint ventures projects and other investments.

Major Capital and Development Expenditures

Major expenditures incurred in 2019 are analysed as follows:

	Hong Kong HK$ Million	Mainland China HK$ Million	Total HK$ Million
Properties			
IP	330	74	404
DP	5,067	8,808	13,875
	5,397	8,882	14,279
Others	77	31	108
Group total	5,474	8,913	14,387

i. IP expenditure was mainly for construction costs of Peak Properties.

ii. DP and IP expenditures included HK$9.3 billion for property projects undertaken by associates and joint ventures.

iii. Other expenditure was mainly related to Modern Terminals' terminal equipment.

Commitment

As at 31 December 2019, major expenditures to be incurred in the coming years was estimated at HK$22.3 billion, of which HK$13.2 billion was committed. They are analysed by segment as below:

	As at 31 December 2019		
	Committed HK$ Million	**Uncommitted HK$ Million**	**Total HK$ Million**
IP			
Hong Kong	674	-	674
Mainland China	159	148	307
	833	148	981
DP			
Hong Kong	473	-	473
Mainland China	8,787	8,841	17,628
	9,260	8,841	18,101
Others	3,140	57	3,197
Group total	13,233	9,046	22,279

Properties commitments are mainly for land cost and construction cost, inclusive of attributable commitments to associates and joint ventures, to be incurred by stages.

These expenditures will be funded by internal financial resources including surplus cash, cash flows from operations, as well as bank and other borrowings and pre-sale proceeds. Other available resources include listed equity investments available for sale.

(III) Human Resources

The Group had approximately 8,400 employees as at 31 December 2019, including about 2,300 employed by managed operations. 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 respective group's achievement and results.

CONSOLIDATED INCOME STATEMENT
For The Year Ended 31 December 2019

	Note	**2019 HK$ Million**	2018 HK$ Million
Revenue	2	**16,874**	21,055
Direct costs and operating expenses		**(6,548)**	(9,691)
Selling and marketing expenses		**(606)**	(613)
Administrative and corporate expenses		**(1,139)**	(1,356)
Operating profit before depreciation, amortisation, interest and tax		**8,581**	9,395
Depreciation and amortisation		**(712)**	(643)
Operating profit	2 & 3	**7,869**	8,752
Increase in fair value of investment properties		**946**	985
Other net charge	4	**(2,067)**	(770)
		6,748	8,967
Finance costs	5	**(1,112)**	(512)
Share of results after tax of:			
Associates		**336**	1,279
Joint ventures		**498**	1,103
Profit before taxation		**6,470**	10,837
Income tax	6	**(3,000)**	(4,126)
Profit for the year		**3,470**	6,711
Profit attributable to:			
Equity shareholders		**3,386**	6,623
Non-controlling interests		**84**	88
		3,470	6,711
Earnings per share	7		
Basic		**HK$1.11**	HK$2.18
Diluted		**HK$1.11**	HK$2.17

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For The Year Ended 31 December 2019

	2019 HK$ Million	2018 HK$ Million
Profit for the year	**3,470**	6,711
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Fair value changes on equity investments	**8,116**	(5,605)
Items that may be reclassified subsequently to profit or loss:		
Exchange difference on translation of operations outside Hong Kong	**(1,817)**	(3,420)
Share of other comprehensive income of associates/joint ventures	**(484)**	(892)
Others	**-**	6
Other comprehensive income for the year	**5,815**	(9,911)
Total comprehensive income for the year	**9,285**	(3,200)
Total comprehensive income attributable to:		
Equity shareholders	**9,388**	(3,152)
Non-controlling interests	**(103)**	(48)
	9,285	(3,200)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2019

	Note	**31 December 2019 HK$ Million**	31 December 2018 HK$ Million
Non-current assets			
Investment properties		**74,811**	74,738
Property, plant and equipment		**13,056**	13,670
Interest in associates		**18,718**	20,092
Interest in joint ventures		**24,367**	21,767
Other long term investments		**36,531**	30,544
Goodwill and other intangible assets		**298**	298
Deferred tax assets		**752**	737
Derivative financial assets		**240**	200
Other non-current assets		**21**	20
		168,794	162,066
Current assets			
Properties for sale		**44,083**	45,954
Trade and other receivables	9	**1,987**	1,722
Derivative financial assets		**62**	159
Bank deposits and cash		**27,292**	17,448
		73,424	65,283
Total assets		**242,218**	227,349
Non-current liabilities			
Derivative financial liabilities		**(397)**	(440)
Deferred tax liabilities		**(12,539)**	(11,637)
Other non-current liabilities		**(18)**	-
Bank loans and other borrowings		**(35,689)**	(31,847)
		(48,643)	(43,924)
Current liabilities			
Trade and other payables	10	**(22,517)**	(20,427)
Deposits from sale of properties		**(11,273)**	(9,263)
Derivative financial liabilities		**(165)**	(268)
Taxation payable		**(2,630)**	(3,468)
Bank loans and other borrowings		**(10,647)**	(11,239)
		(47,232)	(44,665)
Total liabilities		**(95,875)**	(88,589)
NET ASSETS		**146,343**	138,760
Capital and reserves			
Share capital		**30,221**	30,173
Reserves		**112,653**	105,251
Shareholders' equity		**142,874**	135,424
Non-controlling interests		**3,469**	3,336
TOTAL EQUITY		**146,343**	138,760

NOTES TO THE FINANCIAL INFORMATION

1. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION

This financial information have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Companies Ordinance (Cap. 622 of the laws of Hong Kong). The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies and methods of computation used in the preparation of the financial information are consistent with those used in the annual financial statements for the year ended 31 December 2018 except for the changes mentioned below.

The HKICPA has issued a new HKFRSs and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's consolidated financial statements:

- HKFRS 16	Lease
- HK(IFRIC) 23	Uncertainty over income tax treatments
- Amendments to HKAS 28	Long-term interest in associates and joint ventures
- Annual Improvements to HKFRSs 2015- 2017 Cycle	

The Group has assessed the impact of the adoption of the above new standards and 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, except for HKFRS 16, Leases, as discussed below.

HKFRS 16, Leases

HKFRS 16 replaces HKAS 17 and related interpretations and introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. The distinction between the accounting for operating and finance leases is removed for lessee, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised on the consolidated statement of financial position for all leases by lessees. HKFRS 16 does not significantly change the way that lessor accounts for their rights and obligations under a lease.

At the commencement date of the lease, the Group as lessee recognises and measures a lease liability at the present value of the minimum future lease payment and recognises a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the Group recognises interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset (and impairment losses (if any)), instead of the previous accounting policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term.

HKFRS 16 primarily affect the Group's accounting as a lessee of leases for properties, plant and equipment which was classified as operating leases in previous accounting period. As allowed by

HKFRS 16, the Group has elected the modified retrospective approach for the adoption of HKFRS 16 and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019 and has not restated the comparative information. As allowed by HKFRS 16, the Group has used the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. The Group has therefore applied the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. In addition, the Group has also elected the practical expedient for not applying the new accounting model to short-term leases (i.e. lease term of 12 months or less) and leases of low-value assets.

Upon adoption of HKFRS 16 on 1 January 2019, the Group recognised right-of-use assets under property, plant and equipment of HK$74 million (which included the discounting impact using the incremental borrowing rate and exclude HK$2 million relating to a lease with remaining lease term less than 12 months) and current and non-current lease liabilities amounting to HK$33 million and HK$41 million, respectively.

Under HKFRS 16, the Group is also required to account for all leasehold properties as investment properties when these properties are held to earn rental income and/or for capital appreciation ("leasehold investment properties"). The adoption of HKFRS 16 does not have a significant impact on the Group's consolidated financial statements as the Group previously elected to apply HKAS 40, Investment properties, to account for all of its leasehold properties that were held for investment purposes as at 31 December 2018. Consequentially, these leasehold investment properties continue to be carried at fair value.

Except for the foregoing, the Group has not adopted any new standard or interpretation that is not yet effective for the current accounting period.

The financial information relating to the financial years ended 31 December 2019 and 2018 included in this announcement of annual results does not constitute the Company's statutory annual financial statements for those financial years 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 is as follows:

The Company has delivered the financial statements for the year ended 31 December 2018 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2019 in due course. The Company's auditor has reported on those financial statements for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; 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 four reportable operating segments for measuring performance and allocating resources. The segments are investment property ("IP"), development property ("DP"), hotel and logistics. No operating segments have been aggregated to form the reportable segments.

Investment property segment primarily includes properties leasing operations. The Group's properties portfolio, which mainly consists of retail, office and serviced apartments is primarily located in Mainland China.

Development property segment encompasses activities relating to the acquisition, development, design, construction, sales and marketing of the Group's trading properties primarily in Hong Kong and Mainland China.

Hotel segment includes hotel operations in the Asia Pacific region. The Group operates 17 hotels in the Asia Pacific region, four of which owned by the Group.

Logistics segment mainly includes the container terminal operations in Hong Kong and Mainland China undertaken by Modern Terminals Limited ("Modern Terminals"), and Hong Kong Air Cargo Terminals Limited ("Hactl").

Management evaluates performance primarily based on operating profit as well as the equity share of results of associates and joint ventures of each segment. Inter-segment pricing is generally determined on an arm's length basis.

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, certain financial investments, deferred tax assets and other derivative financial assets.

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

2. SEGMENT INFORMATION

a. Analysis of segment revenue and results

For the year ended 2019	Revenue HK$ Million	Operating profit HK$ Million	Increase in fair value of Investment properties HK$ Million	Other net charge HK$ Million	Finance costs HK$ Million	Share of results after tax of associates HK$ Million	Share of results after tax of joint ventures HK$ Million	Profit before taxation HK$ Million
Investment property	**4,090**	**2,423**	**946**	**5**	**(232)**	**-**	**111**	**3,253**
Hong Kong	**166**	**112**	**165**	**5**	**(35)**	**-**	**-**	**247**
Mainland China	**3,924**	**2,311**	**781**	**-**	**(197)**	**-**	**111**	**3,006**
Development property	**7,054**	**3,197**	**-**	**(2,427)**	**(132)**	**105**	**383**	**1,126**
Hong Kong	**-**	**(3)**	**-**	**-**	**(90)**	**-**	**563**	**470**
Mainland China	**7,054**	**3,200**	**-**	**(2,427)**	**(42)**	**105**	**(180)**	**656**
Hotel	**530**	**53**	**-**	**2**	**-**	**2**	**3**	**60**
Logistics	**2,597**	**513**	**-**	**(49)**	**(208)**	**229**	**1**	**486**
Terminals	**2,584**	**500**	**-**	**(8)**	**(208)**	**145**	**1**	**430**
Others	**13**	**13**	**-**	**(41)**	**-**	**84**	**-**	**56**
Segment total	**14,271**	**6,186**	**946**	**(2,469)**	**(572)**	**336**	**498**	**4,925**
Investment and others	**2,603**	**2,167**	**-**	**402**	**(540)**	**-**	**-**	**2,029**
Corporate expenses	**-**	**(484)**	**-**	**-**	**-**	**-**	**-**	**(484)**
Group total	**16,874**	**7,869**	**946**	**(2,067)**	**(1,112)**	**336**	**498**	**6,470**
For the year ended 2018								
Investment property	3,586	1,984	985	23	(246)	-	95	2,841
Hong Kong	157	112	417	-	(33)	-	-	496
Mainland China	3,429	1,872	568	23	(213)	-	95	2,345
Development property	12,914	5,603	-	78	(226)	1,006	991	7,452
Hong Kong	-	(5)	-	-	(86)	-	892	801
Mainland China	12,914	5,608	-	78	(140)	1,006	99	6,651
Hotel	463	90	-	8	-	-	7	105
Logistics	2,616	597	-	(50)	(191)	272	10	638
Terminals	2,606	587	-	(9)	(191)	176	10	573
Others	10	10	-	(41)	-	96	-	65
Segment total	19,579	8,274	985	59	(663)	1,278	1,103	11,036
Investment and others	1,476	1,016	-	(829)	151	1	-	339
Corporate expenses	-	(538)	-	-	-	-	-	(538)
Group total	21,055	8,752	985	(770)	(512)	1,279	1,103	10,837

2. SEGMENT INFORMATION

b. Analysis of inter-segment revenue

	2019 Total Revenue HK$ Million	2019 Inter-segment revenue HK$ Million	2019 Group Revenue HK$ Million	2018 Total Revenue HK$ Million	2018 Inter-segment revenue HK$ Million	2018 Group Revenue HK$ Million
Investment property	**4,090**	**-**	**4,090**	3,586	-	3,586
Development property	**7,054**	**-**	**7,054**	12,914	-	12,914
Hotel	**530**	**-**	**530**	463	-	463
Logistics	**2,597**	**-**	**2,597**	2,616	-	2,616
Investment and others	**2,603**	**-**	**2,603**	1,476	-	1,476
	16,874	**-**	**16,874**	21,055	-	21,055

c. Disaggregation of revenue

	2019 HK$ Million	2018 HK$ Million
Revenue recognised under HKFRS 15		
Sale of development properties	**7,054**	12,914
Management and services income	**458**	452
Hotel	**530**	463
Logistics	**2,597**	2,616
	10,639	16,445
Revenue recognised under other accounting standards		
Rental income under investment property segment		
Fixed	**2,630**	2,407
Variable	**1,002**	727
Investment and others	**2,603**	1,476
	6,235	4,610
Group total	**16,874**	21,055

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to exempt from disclosing revenue from hotel, logistics and management fee under investment property segment such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts with customers that had an original expected duration of one year or less.

2. SEGMENT INFORMATION

d. Analysis of segment business assets

	2019 HK$ Million	2018 HK$ Million
Investment property	**75,592**	75,454
Hong Kong	**20,885**	20,410
Mainland China	**54,707**	55,044
Development property	**88,756**	86,875
Hong Kong	**24,522**	18,486
Mainland China	**64,234**	68,389
Hotel	**2,367**	2,482
Logistics	**15,578**	16,176
Terminals	**14,727**	15,287
Others	**851**	889
Total segment business assets	**182,293**	180,987
Unallocated corporate assets	**59,925**	46,362
Total assets	**242,218**	227,349

Unallocated corporate assets mainly comprise certain financial investments, deferred tax assets, bank deposits and cash and other derivative financial assets.

Segment assets held through associates and joint ventures included in the above are:

	2019 HK$ Million	2018 HK$ Million
Development property	**38,466**	37,231
Logistics	**4,619**	4,628
Group total	**43,085**	41,859

2. SEGMENT INFORMATION

e. Other segment information

	Capital expenditure		Increase in interests in associates and joint ventures		Depreciation and amortisation	
	2019	2018	**2019**	2018	**2019**	2018
	HK$ Million	HK$ Million	**HK$ Million**	HK$ Million	**HK$ Million**	HK$ Million
Investment property	**404**	4,896	**-**	-	**101**	101
Hong Kong	**330**	289	**-**	-	**7**	5
Mainland China	**74**	4,607	**-**	-	**94**	96
Development property	**-**	-	**6,415**	9,868	**-**	-
Hong Kong	**-**	-	**4,791**	7	**-**	-
Mainland China	**-**	-	**1,624**	9,861	**-**	-
Hotel	**-**	1	**-**	-	**89**	58
Logistics	**108**	218	**-**	-	**485**	484
Terminals	**108**	218	**-**	-	**485**	484
Others	**-**	-	**-**	-	**-**	-
Investment and others	**-**	-	**-**	-	**37**	-
Group total	**512**	5,115	**6,415**	9,868	**712**	643

The Group had no significant non-cash expenses other than i) net provision of HK$3,643 million (2018: HK$17 million) made for certain asset and development projects undertaken by subsidiaries, joint ventures and associates, and ii) depreciation and amortisation.

2. SEGMENT INFORMATION

f. Geographical information

	Revenue		Operating Profit	
	2019	2018	**2019**	2018
	HK$ Million	HK$ Million	**HK$ Million**	HK$ Million
Hong Kong	**3,311**	3,368	**1,457**	1,288
Mainland China	**13,522**	17,657	**6,385**	7,436
Others	**41**	30	**27**	28
Group total	**16,874**	21,055	**7,869**	8,752

	Specified non-current assets		Total business assets	
	2019	2018	**2019**	2018
	HK$ Million	HK$ Million	**HK$ Million**	HK$ Million
Hong Kong	**38,112**	32,547	**51,812**	45,662
Mainland China	**93,140**	98,018	**130,481**	135,325
Group total	**131,252**	130,565	**182,293**	180,987

Specified non-current assets excluded deferred tax assets, certain financial investments, derivative financial assets and certain non-current assets.

The geographical location of revenue and operating profit is analysed based on the location at which services are provided and in the case of equity investments, where they are listed. The geographical location of specified non-current assets and total business assets is based on the physical location of operations.

3. OPERATING PROFIT

Operating profit is arrived at:

	2019 HK$ Million	2018 HK$ Million
After charging/(crediting):		
Depreciation and amortisation on		
- Hotels and other property, plant and equipment	**611**	581
- leasehold land	**64**	62
- right-of-use assets	**37**	-
Total depreciation and amortisation	**712**	643
Reversal of impairment of trade receivables	**(2)**	(4)
Staff costs (Note a)	**1,908**	1,922
Auditors' remuneration		
- audit services	**17**	18
- other services	**3**	5
Cost of trading properties for recognised sales	**3,673**	6,976
Gross rental revenue from investment properties	**(4,090)**	(3,586)
Direct operating expenses of investment properties	**1,662**	1,592
Rental income under operating leases in respect of owned plant and equipment	**(8)**	(8)
Interest income (Note b)	**(1,457)**	(450)
Dividend income from other long term investments	**(646)**	(525)
Loss on disposal of property, plant and equipment	**1**	1

Notes:

a. Staff costs include contributions to defined contribution pension schemes of HK$198 million (2018: HK$221 million), which included equity-settled share-based payment expenses of HK$9 million (2018: HK$18 million).

b. Interest income of HK$1,457 million (2018: HK$450 million) was in respect of financial assets, including bank deposits, that are stated at amortised cost.

4. OTHER NET CHARGE

Other net charge for the year which amounted to HK$2,067 million (2018: HK$770 million) mainly comprises:

a. Net foreign exchange gain of HK$162 million (2018: loss of HK$727 million) which included a fair value loss on forward foreign exchange contracts of HK$38 million (2018: gain of HK$14 million).

b. Net provision for diminution in value of HK$2,420 million was made in respect of certain development properties held by subsidiaries in Mainland China.

c. Net fair value gain of HK$133 million on other long term investments classified as financial assets at fair value through profit or loss.

5. FINANCE COSTS

	2019 **HK$ Million**	2018 HK$ Million
Interest charged on:		
Bank loans and overdrafts	**726**	561
Other borrowings	**855**	836
Lease liabilities	**2**	-
Total interest charge	**1,583**	1,397
Other finance costs	**96**	39
Less: Amount capitalised	**(517)**	(549)
	1,162	887
Fair value (gain)/loss:		
Cross currency interest rate swaps	**20**	(242)
Interest rate swaps	**(70)**	(133)
	(50)	(375)
Total	**1,112**	512

6. INCOME TAX

Taxation charged/(credited) to the consolidated income statement includes:

	2019 HK$ Million	2018 HK$ Million
Current income tax		
Hong Kong		
- provision for the year	**168**	170
- under/(over)-provision in respect of prior years	**3**	(13)
Outside Hong Kong		
- provision for the year	**1,441**	1,374
- underprovision in respect of prior years	**47**	9
	1,659	1,540
Land appreciation tax ("LAT") (Note c)	**248**	1,537
Deferred tax		
Change in fair value of investment properties	**736**	522
Origination and reversal of temporary differences	**357**	527
	1,093	1,049
Total	**3,000**	4,126

a. The provision for Hong Kong Profits Tax is based on the profit for the year as adjusted for tax purposes at a rate of 16.5% (2018: 16.5%).

b. Income tax on assessable profits outside Hong Kong is mainly corporate income tax and withholding tax in Mainland China, calculated at a rate of 25% (2018: 25%) and up to 10%, respectively.

c. 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 on sales of properties less deductible expenditure including cost of land use rights, borrowings costs and all development property expenditure.

d. Tax attributable to associates and joint ventures for the year ended 31 December 2019 of HK$1,052 million (2018: HK$1,145 million) is included in the share of results of associates and joint ventures.

7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders for the year of HK$3,386 million (2018: HK$6,623 million) and the weighted average of 3,048 million ordinary shares in issue during the year (2018: 3,045 million ordinary shares).

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders for the year of HK$3,386 million (2018: HK$6,623 million) and the weighted average of 3,049 million ordinary shares (2018: 3,048 million ordinary shares) which is the weighted average number of ordinary shares in issue during the year after adjusting for the effect of deemed issue of shares under the Company's share option scheme.

8. DIVIDENDS ATTRIBUTABLE TO EQUITY SHAREHOLDERS

	2019 **HK$ per share**	**2019** **HK$ Million**	2018 HK$ per share	2018 HK$ Million
First interim dividend declared and paid	**0.250**	**762**	0.25	762
Second interim dividend declared after the end of the reporting period (note b)	**0.075**	**229**	0.40	1,219
Total	**0.325**	**991**	0.65	1,981

a. The second interim dividend based on 3,049 million issued ordinary shares (2018: 3,047 million 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$1,219 million for 2018 was approved and paid in 2019.

9. TRADE AND OTHER RECEIVABLES

Included in this item are trade receivables (net of allowance for bad and doubtful debts) with an ageing analysis based on the invoice date as at 31 December 2019 as follows:

	2019 **HK$ Million**	2018 HK$ Million
Trade receivables		
0 - 30 days	**143**	203
31 – 60 days	**24**	46
61 – 90 days	**20**	19
Over 90 days	**112**	90
	299	358
Other receivables and prepayments	**1,688**	1,364
	1,987	1,722

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 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 the invoice date as at 31 December 2019 as follows:

	2019 **HK$ Million**	2018 HK$ Million
Trade payables		
0 - 30 days	**486**	440
31 - 60 days	**274**	206
61 - 90 days	**32**	16
Over 90 days	**72**	65
	864	727
Rental and customer deposits	**1,150**	1,033
Construction costs payable	**7,898**	8,744
Amount due to associates	**4,869**	2,709
Amount due to joint ventures	**4,602**	3,070
Other payables	**3,134**	4,144
	22,517	20,427

11. REVIEW OF UNAUDITED FINANCIAL STATEMENTS

The financial results for the year ended 31 December 2019 have been reviewed with no disagreement by the Audit Committee of the Company. The figures in respect of the announcement of the Group's results for the year ended 31 December 2019 have been agreed by the Company's Auditors to the amounts set out in the Group's consolidated financial statements for the year.

CORPORATE GOVERNANCE CODE

During the financial year ended 31 December 2019, 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 one exception as regards Code Provision A.2.1 providing for the roles of the chairman and chief executive to be performed by different individuals.

Such deviation is deemed appropriate as it is considered to be more efficient to have one single person to be Chairman of the Company as well as to discharge the executive functions of a chief executive thereby enabling more effective planning and better execution of long-term strategies. The Board of Directors believes that the balance of power and authority is adequately ensured by the operations and governance of the Board which comprises experienced and high calibre individuals, with 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 listed securities of the Company during the financial year under review.

RELEVANT DATES FOR SECOND INTERIM DIVIDEND AND ANNUAL GENERAL MEETING

Second Interim Dividend	
Ex-entitlement date	3 April 2020 (Fri)
Latest time to lodge share transfer	4:30 p.m., 6 April 2020 (Mon)
Record date/ time	6:00 p.m., 6 April 2020 (Mon)
Payment date	23 April 2020 (Thu)

In order to qualify for the second interim dividend, all transfer, 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, 6 April 2020.

Annual General Meeting ("AGM")	
Ex-entitlement date	29 April 2020 (Wed)
Latest time to lodge share transfer	4:30 p.m., 4 May 2020 (Mon)
Book closure period	5 May 2020 (Tue) to 8 May 2020 (Fri), both days inclusive
Record date	5 May 2020 (Tue)
AGM date/ time	11:15 a.m., 8 May 2020 (Fri)

In order to be eligible for attending and voting at the AGM, 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, 4 May 2020.

By Order of the Board
Kevin C. Y. Hui
Company Secretary

Hong Kong, 10 March 2020

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Stephen T. H. Ng, Mr. Andrew O. K. Chow, Ms. Doreen Y. F. Lee, Mr. Paul Y. C. Tsui and Mr. Kevin K. P. Chan, together with five Independent Non-executive Directors, namely Professor Edward K. Y. Chen, Mr. Vincent K. Fang, Mr. Hans Michael Jebsen, Ms. Elizabeth Law and Mr. David Muir Turnbull.

The English text of this announcement shall prevail over the Chinese text in the event of inconsistency.