

Growth in Asset Values through
Quality Earnings Enhancement
based on Solid Foundations



CK ASSET HOLDINGS LIMITED
長江實業集團有限公司

(Incorporated in the Cayman Islands with limited liability)
STOCK CODE: 1113

Annual Report 2019

Group Structure



CK ASSET HOLDINGS LIMITED

(A limited liability Cayman Islands company registered and listed in Hong Kong)

Stock Code: 1113



CK Asset Group

Total Market Capitalisation

HK\$156 Billion

19 March 2020

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FIVE YEAR FINANCIAL SUMMARY

Consolidated Income Statement (HK\$ million)

	2015	2016	2017	2018	2019
Group revenue	57,280	69,300	57,546	50,368	82,382
Share of revenue of joint ventures	1,513	610	6,234	14,113	13,937
Total	58,793	69,910	63,780	64,481	96,319
Profit attributable to shareholders	17,113	19,415	30,125	40,117	29,134

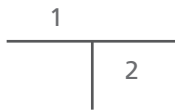
Consolidated Statement of Financial Position (HK\$ million)

	2015	2016	2017	2018	2019
Fixed assets	18,614	33,695	35,337	37,660	97,519
Investment properties	119,959	125,306	135,998	123,478	119,832
Joint ventures	4,393	7,907	65,293	59,842	59,371
Associates	7,743	7,333	7,402	7,256	7,000
Other non-current assets	9,599	9,791	12,331	26,784	33,820
Net current assets	174,870	169,047	123,572	166,478	140,757
	335,178	353,079	379,933	421,498	458,299
Non-current liabilities	65,491	76,805	70,753	80,470	97,067
Net assets	269,687	276,274	309,180	341,028	361,232
Representing:					
Share capital and share premium	254,811	253,003	245,875	245,639	245,639
Reserves	8,285	17,196	45,677	77,881	98,614
Shareholders' funds	263,096	270,199	291,552	323,520	344,253
Perpetual capital securities	–	–	11,670	11,670	11,670
Non-controlling interests	6,591	6,075	5,958	5,838	5,309
Total equity	269,687	276,274	309,180	341,028	361,232
Shareholders' funds					
– NBV per share (HK\$) (Note 1)	68.17	70.66	78.85	87.59	93.21
Earnings per share (HK\$) (Note 2)	4.43	5.05	8.07	10.85	7.89
Dividends per share (HK\$)	1.40	1.53	1.70	1.90	2.10
Interim dividend	0.35	0.38	0.42	0.47	0.52
Final dividend	1.05	1.15	1.28	1.43	1.58

Note 1: Calculation of NBV per share is based on the number of shares in issue at year end dates.

Note 2: Calculation of earnings per share for 2016 to 2019 is based on number of shares in issue or weighted average number of shares in issue during the years concerned. Calculation of earnings per share for 2015 is based on 3,859,678,500 shares issued on the listing date as if such number of shares had been in issue throughout the year.

THE YEAR AT A GLANCE



1 & 2. In view of the coronavirus outbreak, the Group's 2019 annual results were released online via webcast in place of holding physical press conference and analysts meeting.

CA The Group raked in turnover of about HK\$28.2 billion, having sold over 4,500 units in Hong Kong, the Mainland, Singapore and London.

1-3



THE YEAR AT A GLANCE (CONTINUED)



1	3
2	4

1. Donation to the Community Chest
2. Caring Companies
3. Launch of Upper West Shanghai in Shanghai
4. Marketing event held for Phase G of Laguna Verona in Dongguan



- 149 member companies of the CK Group were named "Caring Companies" by the Hong Kong Council of Social Service. This is the highest number of awards received by a commercial entity for 16 consecutive years.
- The CK Group continued its support of The Community Chest Rainbow Fund of The Community Chest of Hong Kong ("Community Chest") to provide emergency relief to those with imminent needs.
- The launch of Phase 9B of Yuhu Mingdi in Guangzhou was well received by purchasers.
- Upper West Shanghai in Shanghai was offered to the market with good response.
- Phase G of Laguna Verona in Dongguan was launched and achieved good sales results.



THE YEAR AT A GLANCE (CONTINUED)



☞ The Group received the “Outstanding Corporate Strategy Awards 2019” presented by East Week Magazine.

☞ Harbour Plaza Hotels & Resorts was awarded “The Best Local Hotel Chain” in the “30th Annual TTG Travel Awards” by TTG Asia for the tenth consecutive year.

☞ Regency Hills • Uptown in Chongqing, Emerald Cove in Zhongshan and Phase D of Laguna Verona in Dongguan were offered for sale with favourable response.

1	3
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7-9

1. Sale of Phase D of Laguna Verona in Dongguan
2. Emerald Cove in Zhongshan made its debut at an event presentation
3. Launch of Regency Hills • Uptown in Chongqing
4. Ceremony for Outstanding Corporate Strategy Awards 2019
5. Harbour Plaza Hotels & Resorts was awarded “The Best Local Hotel Chain”





1	
2	3

1. New business of the Group:
Greene King in the United Kingdom

2. Directors' training

3. Digital EX Awards 2019

☞ The Group expanded its investment portfolio by acquiring an integrated brewer and pub retailer, Greene King, in the United Kingdom.

☞ Directors' training was held with distinguished professionals presenting topics relating to regulatory and compliance issues.

☞ 1881 Heritage received the "Top Ten Malls of Digital EX Awards", "Brilliance in Tourist Landmark" and "Brilliance in Fine-dining and Business Functions" accolades in Metro Finance's "Digital EX Awards 2019".

☞ Horizon Hotels & Suites was awarded the "Hotel Marketing Award of Excellence" by Now TV.

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THE YEAR AT A GLANCE (CONTINUED)



- 1881 Heritage celebrated its 10th anniversary.
- Member companies of the Group were awarded the 2018-19 “Good MPF Employer”, “MPF Support Award” and “e-Contribution Award” by the Mandatory Provident Fund Schemes Authority.
- The Group was awarded the “Listed Company Awards of Excellence 2019” by the Hong Kong Economic Journal.
- The Group received the “Hong Kong Outstanding Listed Companies” award presented by Ming Pao.



1	4	6
2	3	5
		7

1. 1881 Heritage in Hong Kong
2. Good MPF Employer Award 2018/2019
3. Listed Company Awards of Excellence 2019
4. Shopping Mall Parent-Child Activities Award
5. Launch of Seaside Sonata in Cheung Sha Wan
6. ListCo Excellence Awards 2019
7. Launch of Phase 3 of Noble Hills in Guangzhou

- ☞ The Whampoa received the "Shopping Mall Parent-Child Activities" award presented by Sing Tao Daily.
- ☞ Phase 3 of Noble Hills in Guangzhou and Phase 5B of Regency Garden in Shanghai were launched with good response.
- ☞ Seaside Sonata in Cheung Sha Wan was offered to the market for sale.
- ☞ The CK Group received the "ListCo Excellence Awards 2019" presented by am730.
- ☞ Yuhu Mingdi in Guangzhou was named "Mansion with the Most Spectacular View (Luxury Properties)" by Sina.
- ☞ The CK Group was named one of the Community Chest's Top 3 Donors for the 20th consecutive year.

CHAIRMAN'S STATEMENT

Growth in Asset Values through
Quality Earnings Enhancement
based on Solid Foundations



HIGHLIGHTS

	2019	2018	Change
Underlying profit ^{Note 1} per share	HK\$7.78	HK\$6.53	+19%
Underlying profit ^{Note 1} (HK\$ million)	28,729	24,134	
Investment property ("IP") revaluation and disposal ^{Note 2} (per share)	HK\$0.11	HK\$4.32	
IP revaluation and disposal ^{Note 2} (HK\$ million)	405	15,983	
Reported earnings ^{Note 3} per share	HK\$7.89	HK\$10.85	-27%
Reported earnings ^{Note 3} (HK\$ million)	29,134	40,117	
Final dividend per share	HK\$1.58	HK\$1.43	+10.5%
Full year dividend per share	HK\$2.10	HK\$1.90	+10.5%

Note 1: Underlying profit, a non-IFRS measure, represents profit before taking into account IP revaluation and disposal and shows the underlying performance of the Group without taking into account IP revaluation and gain on disposal of IP.

Note 2: The IP revaluation and disposal amounts are after tax and non-controlling interests.

Note 3: Reported earnings represent profit attributable to shareholders.

PROFIT FOR THE YEAR

The Group's underlying profit per share (before taking into account investment property revaluation and disposal) for the year ended 31 December 2019 was HK\$7.78 (2018 – HK\$6.53), an increase of 19% as compared to last year. Investment property revaluation and disposal after tax and non-controlling interests amounted to HK\$405 million. Reported earnings per share were HK\$7.89 (2018 – HK\$10.85), a decrease of 27% as compared to last year, mainly due to a substantial gain on disposal of an investment property, The Center, in last year's results.

The Group's underlying profit per share was HK\$7.78, an increase of 19% as compared to last year.

DIVIDEND

The Directors recommend the payment of a final dividend of HK\$1.58 per share in respect of 2019 to shareholders whose names appear on the Register of Members of the Company at the close of business on Wednesday, 20 May 2020. This together with the interim dividend of HK\$0.52 per share paid on 12 September 2019 gives a total of HK\$2.10 per share for the year (2018 – HK\$1.90 per share). The proposed final dividend will be paid on Friday, 29 May 2020 following approval at the 2020 Annual General Meeting.

CHAIRMAN'S STATEMENT (CONTINUED)

PROSPECTS

Business Review

CK Asset Holdings Limited achieved a solid performance in line with expectations in 2019 amid a challenging macro environment full of uncertainties. Hong Kong in particular was confronted by unprecedented challenges, and some of our local businesses were affected by various disruptions in the second half of the year. The Group remained resilient and continued to achieve growth by adopting a prudent investment strategy in its pursuit of global investment opportunities. Through the gradual enhancement of its recurrent income base and a further improvement in the quality of earnings, the Group continued to create long-term sustainable value for its shareholders.

Property Sales

The property market in Hong Kong was affected by social incidents during the year. Nevertheless, continuing demand for residential properties, coupled with low global interest rates and the relaxation of the cap on the value of the properties under the mortgage insurance programme announced by the Hong Kong Government in October, supported the local property market. With the recognition of profit from the sales of Ocean Pride and Ocean Supreme, My Central and Harbour Glory, a significant increase in property sale contribution was recorded in 2019 as compared to last year. On the Mainland, property sales momentum slowed due to market conditions and the Group's project completion schedule on the Mainland was adjusted accordingly. The Central Government's long-term regulatory mechanism and its directive "housing for residents and not speculators" supported steady market development.

Property Rental

Revenue from property rental was slightly less than that of last year. 5 Broadgate in London made its first full-year contribution of rental income to the Group in 2019, which partially offset the loss of rental income due to the disposal of The Center in 2018 and the redevelopment of Hutchison House which commenced in 2019. The redevelopment programme is on track and Hutchison House is well-positioned to become a landmark modern Grade A office building in Central. OP Mall along the West Rail Line in Tsuen Wan will be officially opened in the second half of 2020 and pre-leasing response has been encouraging. With a gross floor area of over 430,000 sq.ft., it is expected to contribute rental income in due course. The Group will continue to evaluate acquisition opportunities and optimise its portfolio for steady income yield and long-term capital growth.

Hotel and Serviced Suite Operation

While contributions from serviced suite operation remained stable, hotel operation was significantly impacted by a decline in visitor arrivals and market sentiment in the second half of the year. An overall decrease in contribution amounting to approximately 2% of underlying profit was recorded as compared to last year. The operation is expected to face increasing pressure in the coming year. The new extension of Harbour Grand Kowloon in Hung Hom debuted in August 2019, and Hotel Alexandra in North Point is expected to welcome guests in the first half of 2020. These two hotel projects add approximately 1,200 rooms to the portfolio. At the year end date, the Group's hotel and serviced suite portfolio comprised approximately 15,000 rooms.

Aircraft Leasing

The aircraft leasing business underwent a rebranding exercise to streamline and strengthen its global leasing platform. The new brand, AMCK Aviation, is focused on delivering expertise and long-term stability for customers and partners. With solid operational performance in 2019, profit contribution from aircraft leasing for the year amounted to HK\$1,515 million as lease income improved over last year due to an increase in the number of aircraft. In view of the current conditions in the travel and tourism sector, the Group will continue to manage its operation prudently and maintain a diligent and conservative approach when determining its development strategy in the years to come.

Pub Operation

In October 2019, the Group acquired Greene King, a leading integrated brewer and pub retailer in the United Kingdom which, prior to acquisition, was listed on the London Stock Exchange. Greene King operates over 2,700 pubs, restaurants and hotels across England, Wales and Scotland and has a rich heritage, strong real estate backing and a healthy financial profile. This newly acquired business has started to make profit contribution to the Group.

Infrastructure and Utility Asset Operation

Infrastructure and utility asset operation is a key contributor of steady recurrent income to the Group. CK William Group contributed HK\$1,548 million from its businesses comprising electricity distribution, gas transmission and distribution, as well as the provision of electricity generation solutions for remote customers in Australia and other countries. Reliance Home Comfort contributed HK\$1,086 million from its building equipment and services business in Canada. ista contributed HK\$1,260 million from its fully integrated energy management services business in Europe. The economic benefits of infrastructure businesses received by the Group under an economic benefits agreement contributed HK\$630 million. The Group will continue to source global diversified infrastructure and utility assets, and related investments to strengthen quality cash flows and enhance the overall portfolio value.

Outlook

The sudden and rapid spread of the novel coronavirus across the globe covering Asia, the United States, Europe and the Middle East is expected to put pressure on most economies due to disruption of business activities and weakened sentiment in the consumption and tourism related sectors. The recent plunge in global oil prices will add to the woes resulting from the pandemic, severely upsetting the economic growth of most countries which are already on a slow growth trajectory. Despite the agreement of a phase one deal in early 2020 between China and the United States and low global interest rates, uncertainties concerning Brexit and other factors remain and warrant caution.

China maintained its real GDP growth at above 6% in 2019, but is expected to face various challenges in the coming year due to the pandemic and its inevitable impact on the economy and society. However, with long-term positive economic fundamentals and given the Central Government's policies to stabilise the economy, China is expected to make a swift recovery with GDP growth at a pace faster than other major nations once the pandemic is over.

CHAIRMAN'S STATEMENT (CONTINUED)

Hong Kong's economy has been unavoidably affected by internal and external uncertainties. The property sector in Hong Kong is expected to face varying degrees of challenges. Changes in market conditions and local housing policies will continue to be determining factors. Hong Kong should prepare itself to capture different opportunities following the recovery of the economy on the Mainland. Underlying housing demand and purchasing power will support steady development of the property market over the long term.

The Group has in recent years vigorously pursued quality investment opportunities in and outside of Hong Kong with stable recurrent revenue and growth potential in order to improve the quality of earnings as well as cash flow, and increase the proportion of recurrent income contribution. The Group's investment strategies have proven to be effective, and quality recurring income is expected to increase over time. In the midst of the current economic turmoil, the Group will adhere to its motto "Advancing Without Forgoing Stability". As the Group continues to explore new investment opportunities and grow organically around the world, Hong Kong and the Mainland will remain important markets for the Group.

The Group has maintained "A/Stable" and "A2 Stable" credit ratings from Standard & Poor's and Moody's respectively. As at the year end date, the Group has a net debt to net total capital ratio of 5.2%. With solid financials and recurrent profit contribution and cash flow from diversified businesses across sectors and geographies, the Group is well-equipped to seize global growth opportunities and participate in Hong Kong's recovery when the time comes. The Group remains cautiously proactive about its future plans.

The unrest and the austere challenges posed to Hong Kong by months of social incidents since mid-2019 have been aggravated by the pandemic, and this has resulted in economic impact and communal anxiety. 2020 will be a difficult year especially for certain business sectors such as hotel, tourism, retail, catering and property. Nonetheless, Hong Kong's overall fundamental strengths remain solid, and the city has in the past demonstrated determination and resilience in the face of adversity and during times of virus outbreak. Coupled with the backing of the Mainland in sustainable economic development, Hong Kong is expected to weather the present difficulties and overcome the challenges. Recovery of economic momentum and restoration of domestic and international confidence in Hong Kong will take time, and require supporting policies of the Government as well as the community working together as a whole.

Acknowledgement

Intelligent, creative, dedicated, experienced and loyal employees are the Group's most valuable asset in this extremely competitive and challenging global environment. I take this opportunity to thank our colleagues on the Board and diligent employees for their hard work, loyal service and contributions during the year.

Victor T K Li

Chairman

Hong Kong, 19 March 2020

MANAGEMENT DISCUSSION AND ANALYSIS

SUSTAINABLE DEVELOPMENT STRATEGY

CK Asset Holdings Limited is a leading multinational corporation committed to achieving long-term sustainable growth through continual strengthening of its existing property businesses and steady enhancement of its recurrent income base via a prudent global investment strategy. We have diverse capabilities with activities encompassing property development and investment, hotel and serviced suite operation, property and project management, aircraft leasing, pub operation and investment in infrastructure and utility asset operation, as well as interests in three listed real estate investment trusts.

Enhance the Property Development Portfolio

The Group has a strong market share in property development in Hong Kong and the Mainland, and an international presence through its operations in Singapore and the United Kingdom. To support long-term stable growth, the Group will continue to enhance its property development portfolio in and outside of Hong Kong by pursuing quality investments in varying ways as suitable opportunities arise.

Broaden the Quality Recurrent Income Base

With a view to delivering sustainable shareholder returns, the Group is actively pursuing attractive investments with stable revenue to improve the quality of earnings and cash flow, and to increase the proportion of recurrent income contribution. We have established a diversified investment portfolio with stable recurring revenue following various quality investments and acquisitions made in recent years across sectors and geographies. By utilising our market strengths and financial resources effectively, we will continue to explore sound investment opportunities in and outside of Hong Kong in order to broaden further our recurrent income base.

Balance Growth and Stability against an Optimal Capital Structure and Investment Grade Credit Ratings

The Group will adhere to the motto “Advancing Without Forgoing Stability” in its prudent strategy of global business expansion, ensuring that the guiding principal of future investments is focused on asset value growth that results from ongoing enhancement of quality earnings. We place emphasis on the fundamentals and growth prospects of potential investments, and take into consideration the market conditions and project risks. All investment decisions are made for the long-term interests of shareholders, and should meet the Group’s stringent investment criteria. The Group will further strengthen its risk management capacity to deal with unforeseen economic challenges and market changes, and will continue to enhance its operational efficiency and effectiveness. Through our fundamental policy of maintaining an optimal capital structure and investment grade credit ratings, and seeking access to diversified global funding sources, the Group has stable liquidity to make quality investments for driving business growth and creating long-term value for shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS REVIEW

Major Business Activities

1. Developments Completed during 2019:

Name	Location	Gross Floor Area (sq.ft.)	Group's Interest
Harbour Glory and Hotel Alexandra	Inland Lot No. 8920	755,626	100%
Stars of Kovan	Upper Serangoon Road, Singapore	326,063	100%
Upper West Shanghai Phase 3 Tender 1, Phase 4 Tender 1 and Phase 5	Putuo District, Shanghai	3,540,203	60%
La Grande Ville Phase 5	Shun Yi District, Beijing	582,216	100%
Noble Hills Phase 4B	Wangcheng District, Changsha	882,898	100%
Regency Hills Land Nos. 13B and 14 (except Block 14)	Yangjiashan, Nanan District, Chongqing	1,978,012	95%
Noble Hills Phase 2B	Zengcheng, Guangzhou	290,518	100%
Regency Cove Phase 2A	Caidian District, Wuhan	727,959	100%
Chelsea Waterfront West Tower	Chelsea/Fulham, London	157,004	95%

2. Developments in Progress and Scheduled for Completion in 2020:

Name	Location	Gross Floor Area (sq.ft.)	Group's Interest
Borrett Road Project Phase 2	Inland Lot No. 8949	149,123	100%
Seaside Sonata	New Kowloon Inland Lot No. 6506	595,702	Joint Venture
Yuhu Mingdi Phase 3	Huangpu District, Guangzhou	453,680	80%
Upper West Shanghai Phase 2 Tender 3, Phase 3 Tender 2 and Phase 4 Tender 2	Putuo District, Shanghai	2,740,146	60%
La Grande Ville Phase 5	Shun Yi District, Beijing	487,766	100%
Le Parc Phases 7B and 8A	Chengdu High-Tech Zone, Chengdu	1,013,582	100%
Regency Hills Land No. 14 (Block 14)	Yangjiashan, Nanan District, Chongqing	299,538	95%
Laguna Verona Phases D2c, G1b/G2a Zone 3 and G2b Zone 1	Hwang Gang Lake, Dongguan	3,670,113	99.8%
Noble Hills Phases 3A and 3B	Zengcheng, Guangzhou	1,416,938	100%
Emerald Cove Phase 1	Daya Bay, Huizhou	1,288,460	100%
Regency Garden Phase 5B-1	Pudong New District, Shanghai	330,549	85%
Emerald Cove	Wuguishan, Zhongshan	677,415	100%

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3. New Acquisitions and Joint Developments and Other Major Events:

- (1) March 2019: A wholly-owned subsidiary of the Group ("CKA Sub"), a wholly-owned subsidiary of CK Hutchison Holdings Limited ("CK Hutchison") and CK Hutchison entered into a supplemental agreement to the economic benefits agreement as described in the Company's announcement on 31 August 2018, pursuant to which CK Hutchison will provide CKA Sub with certain ancillary voting arrangements and director nomination rights in the relevant holding companies of certain relevant businesses.
- (2) March 2019: The Group reached a land exchange agreement with the Government in respect of the site at Tung Yuen Street and Shung Yiu Street alongside the adjoining government land, Yau Tong (to be known as Yau Tong Inland Lot No. 45) for an area of approximately 83,668 sq.ft. The site is designated for private residential development and estimated to have a developable gross floor area of approximately 418,339 sq.ft. The Agreement and Conditions of Exchange in respect of Yau Tong Inland Lot No. 45 has subsequently been entered into in June 2019.
- (3) August 2019: The Company, through a wholly-owned subsidiary of the Group, acquired the entire issued and to be issued share capital of Greene King plc ("Greene King", whose shares were at the time listed on the London Stock Exchange plc) (the "Acquisition") by a scheme of arrangement (the "Scheme") under Part 26 of the Companies Act 2006 of the United Kingdom ("UK") with total consideration of approximately GBP2.7 billion (equivalent to approximately HK\$25.2 billion) as described in the Company's announcement on 19 August 2019. The Acquisition and the Scheme were completed in October 2019. Greene King is the UK's leading integrated brewer and pub retailer operating over 2,700 pubs, restaurants and hotels across England, Wales and Scotland.
- (4) November 2019: AMCK Aviation Holdings Ireland Limited ("AMCK", an aircraft leasing joint venture company which is indirectly owned by the Company as to 50%) (as borrower) and the Company (as guarantor) entered into three separate loan facility agreements (the "Facility Agreements") with three separate financial institutions ("Lenders") for total loan facilities of up to US\$550 million for five and/or three years respectively, pursuant to which the Company has agreed to guarantee to each Lender all of AMCK's payment and other obligations under respective Facility Agreements (the "Guarantees"). For provision of the Guarantees, AMCK agreed to indemnify the Company for payment made by the Company under the Facility Agreements and pay to the Company a guarantee fee calculated at 0.45% per annum under three separate guarantee fee agreements as described in the Company's announcement on 25 November 2019.
- (5) December 2019: Two wholly-owned subsidiaries of the Group accepted the offer of compensation for the resumption of their agricultural land made by the Government in respect of various lots in D.D. 92 and D.D. 95 for the development of Kwu Tung North New Development Area.

Property Sales

Revenue of property sales (including share of joint ventures) recognised for the year was HK\$64,108 million (2018 – HK\$34,767 million), comprising mainly (i) sales of residential units of The Zumurud, Ocean Pride, Ocean Supreme, My Central and Harbour Glory in Hong Kong; (ii) sales of residential and commercial projects on the Mainland including Laguna Verona in Dongguan, Noble Hills in Guangzhou, The Harbourfront in Qingdao, Hupan Mingdi in Shanghai, Regency Hills in Chongqing, Regency Cove in Wuhan and a project in Dalian; (iii) sales of residential units of Chelsea Waterfront in the United Kingdom; and (iv) sales of residential and commercial units of Stars of Kovan in Singapore, and is summarised by location as follows:

Location	2019 HK\$ Million	2018 HK\$ Million
Hong Kong	50,020	11,497
The Mainland	13,059	22,142
Overseas	1,029	1,128
	64,108	34,767

Contribution from property sales for the year amounted to HK\$21,372 million (2018 – HK\$12,003 million) and is summarised by location as follows:

Location	2019 HK\$ Million	2018 HK\$ Million
Hong Kong	18,982	3,580
The Mainland	2,074	7,783
Overseas	316	640
	21,372	12,003

The presales of residential units of Seaside Sonata in Hong Kong and various projects on the Mainland including Upper West Shanghai in Shanghai, Laguna Verona in Dongguan, Noble Hills in Guangzhou and Regency Hills in Chongqing are progressing well. Contribution to profit is expected upon completion of these projects.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Property sales contracted (including share of joint ventures) but not yet recognised at 31 December 2019 are as follows:

Location	Scheduled for Sales Recognition		
	In 2020 HK\$ Million	After 2020 HK\$ Million	Total HK\$ Million
Hong Kong	1,809	6,887	8,696
The Mainland	9,833	8,467	18,300
Overseas	2,267	35	2,302
	13,909	15,389	29,298

At the year end date, the Group had a development land bank (including developers' interests in joint development projects but excluding agricultural land and completed properties) of approximately 92 million sq.ft., of which 4 million sq.ft., 84 million sq.ft. and 4 million sq.ft. were located in Hong Kong, on the Mainland and overseas respectively.

Property Rental

Revenue of property rental (including share of joint ventures) for the year was HK\$7,450 million (2018 – HK\$7,635 million) and comprised rental income derived from leasing of office, retail, industrial and other properties as follows:

Use of Property	2019	2018
	HK\$ Million	HK\$ Million
Retail	3,357	3,334
Office	2,926	3,132
Industrial	736	722
Others	431	447
	7,450	7,635

The Group's investment properties are primarily located in Hong Kong including Cheung Kong Center, China Building and Hutchison House (currently under redevelopment) in Central, 1881 Heritage in Tsimshatsui, Whampoa Garden in Hung Hom, Hutchison Logistics Centre in Kwai Chung and others.

Contribution from property rental for the year amounted to HK\$6,897 million (2018 – HK\$6,930 million) and is summarised by location as follows:

Location	2019 HK\$ Million	2018 HK\$ Million
Hong Kong	5,466	5,706
The Mainland	649	638
Overseas	782	586
	6,897	6,930

At the year end date, the Group had an investment property portfolio of approximately 16 million sq.ft. (including share of joint ventures but excluding car parking spaces) as follows:

Location	Retail Million sq.ft.	Office Million sq.ft.	Industrial Million sq.ft.	Total Million sq.ft.
Hong Kong	3	3	7	13
The Mainland	1	1	–	2
Overseas	–	1	–	1
	4	5	7	16

An increase in fair value of investment properties of HK\$228 million (2018 – HK\$3,993 million) was recorded at 31 December 2019 based on a professional valuation using capitalisation rates ranging from approximately 4% to 8%.

Hotel and Serviced Suite Operation

Revenue of hotel and serviced suite operation (including share of joint ventures) for the year was HK\$4,185 million (2018 – HK\$5,152 million), a decrease of HK\$967 million when compared with last year as hotel operation had been adversely affected by the social unrest in Hong Kong which started in mid 2019, and mainly comprised revenue of Harbour Grand Hotels, Harbour Plaza Hotels & Resorts, and Horizon Hotels & Suites operated by the Group in Hong Kong.

Contribution from hotel and serviced suite operation for the year amounted to HK\$1,345 million (2018 – HK\$1,924 million), after depreciation on properties, and is summarised by location as follows:

Location	2019 HK\$ Million	2018 HK\$ Million
Hong Kong	1,371	1,978
The Mainland	(26)	(21)
Overseas	–	(33)
	1,345	1,924

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The Group's hotel and serviced suite properties are mostly located in Hong Kong and provide approximately 15,000 rooms for guest accommodation. An overall average occupancy rate of 89.5% was recorded in the first half year and was declined to 71.3% in the second half year. The average operating profit per square foot for the full year was HK\$19 per month, representing an annual yield of 16.3% on the carrying amount of hotel and serviced suite properties in operation at 31 December 2019.

The development of Hotel Alexandra, an 840-room hotel in Hong Kong, has been completed and a soft opening will soon take place.

Property and Project Management

Revenue of property and project management (including share of joint ventures) for the year was HK\$868 million (2018 – HK\$884 million) and mainly comprised management fees received for provision of property management and related services to properties developed by the Group.

Contribution from property and project management for the year amounted to HK\$362 million (2018 – HK\$371 million) and is summarised by location as follows:

Location	2019 HK\$ Million	2018 HK\$ Million
Hong Kong	277	261
The Mainland	61	71
Overseas	24	39
	362	371

At the year end date, the total floor area of completed properties managed by the Group was approximately 274 million sq.ft. and this is expected to grow steadily following gradual completion of property development projects in the years ahead. The Group is committed to providing high quality services to the properties under its management.

Aircraft Leasing

Revenue of aircraft leasing (including share of joint ventures) for the year was HK\$3,192 million (2018 – HK\$2,949 million), an increase of HK\$243 million when compared with last year as more aircraft were acquired, and comprised income derived from leasing of narrow body aircraft and wide body aircraft to airlines.

Contribution from aircraft leasing for the year amounted to HK\$1,515 million (2018 – HK\$1,276 million), after depreciation on aircraft, and is summarised with reference to lessee's location of operation as follows:

Location	2019 HK\$ Million	2018 HK\$ Million
Asia	481	518
Europe	438	300
North America	388	302
Latin America	208	156
	1,515	1,276

At the year end date, the Group (including interest in joint ventures) owned 129 narrow body aircraft and 5 wide body aircraft with an average age of 6 years and an average remaining lease term of 4.7 years, and had commitments (including share of joint ventures) of approximately HK\$12.3 billion for acquisition of 30 aircraft.

Pub Operation

In October 2019, the Group successfully completed the acquisition of Greene King, a leading integrated brewer and pub retailer operating over 2,700 pubs, restaurants and hotels across England, Wales and Scotland.

The operation of Greene King is split into three divisions:

Division	Operation
Pub Company	Operates a range of food-focused destination pubs and restaurants and community-focused local pubs
Pub Partners	Owns a quality portfolio of mainly drink-led pubs which are run as leased or franchised pubs
Brewing & Brands	Sells and distributes a wide range of beers including a portfolio of leading ale brands brewed in its own breweries

Revenue and contribution of Greene King's operation for the year, after it became subsidiaries in October 2019, amounted to HK\$3,611 million and HK\$555 million respectively.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Infrastructure and Utility Asset Operation

The Group has interests in the following joint ventures which operate infrastructure and utility asset businesses:

	Principal Activity	Interest
CK William JV	An owner and operator of energy utility assets in Australia, the United States, Canada and the United Kingdom	40%
CKP (Canada) JV	A building equipment and service provider under the consumer brand identity of "Reliance Home Comfort" in Canada	75%
Sarvana JV	A fully integrated energy management service provider operated by ista Group in Europe	65%

and shared the revenue of these joint ventures for the year as follows:

	2019 HK\$ Million	2018 HK\$ Million
CK William JV	4,158	4,355
CKP (Canada) JV	3,542	3,376
Sarvana JV	5,205	5,363
	12,905	13,094

The Group has also invested in the economic benefits of the following infrastructure and utility asset businesses since October 2018:

	Principal Activity	Interest in Economic Benefit
Park'N Fly	An off-airport car park provider in Canada	20%
UK Rails	A rolling stock operating company in the United Kingdom	20%
Northumbrian Water	A regulated water and sewerage company in England and Wales	16%
Dutch Enviro Energy	An energy-from-waste company in the Netherlands	14%
Wales & West Gas Networks	A gas distributor that serves Wales and the South West of England	12%
Australian Gas Networks	A distributor of natural gas in Australia	11%

Profit contribution from investments in infrastructure and utility assets for the year amounted to HK\$4,524 million (2018 – HK\$4,034 million), and is summarised by location as follows:

	Australia HK\$ Million	Europe HK\$ Million	North America HK\$ Million	2019 Total HK\$ Million	2018 Total HK\$ Million
CK William JV	1,490	18	40	1,548	1,605
CKP (Canada) JV	–	–	1,086	1,086	1,021
Sarvana JV	–	1,260	–	1,260	1,299
Other investments	83	536	11	630	109
	1,573	1,814	1,137	4,524	4,034

Interests in Real Estate Investment Trusts

At the year end date, the Group had equity interests in the following listed real estate investment trusts (“REITs”):

	Principal Activity	Equity Interest
Hui Xian REIT	Investment in hotels and serviced suites, office and retail properties on the Mainland	32.2%
Fortune REIT	Investment in retail properties in Hong Kong	27.1%
Prosperity REIT	Investment in office, retail and industrial properties in Hong Kong	18.3%

The Group shared a profit of HK\$175 million (2018 – HK\$218 million) based on results for the year reported by Hui Xian REIT, an associate, and received cash distributions in the amount of HK\$517 million (2018 – HK\$583 million) during the year.

For Fortune REIT and Prosperity REIT, cash distributions received in the total amount of HK\$319 million (2018 – HK\$320 million) were recognised as investment income for the year and an increase in value of HK\$85 million based on market closing price at 31 December 2019 was accounted for as gain on financial instruments (2018 – loss of HK\$453 million on financial instruments).

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW

Liquidity and Financing

The Group monitors its liquidity requirements on a short to medium term basis and arranges bank and other borrowings accordingly.

At the year end date, the Group's bank and other loans amounted to HK\$80.1 billion, an increase of HK\$10.6 billion when compared with bank and other loans at 31 December 2018. The maturity profile was spread over a period of 17 years, with HK\$6.8 billion repayable within 1 year, HK\$51.8 billion within 2 to 5 years and HK\$21.5 billion beyond 5 years.

The Group's net debt to net total capital ratio at 31 December 2019 was approximately 5.2%. Net debt is arrived at by deducting bank balances and deposits of HK\$60.3 billion from bank and other loans, and net total capital is the aggregate of total equity and net debt.

With plenty of cash on hand as well as available banking facilities, the Group's liquidity position remains strong and the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

Treasury Policies

The Group maintains a conservative approach on foreign exchange exposure management and borrows principally on a floating rate basis. The Group manages and reviews its exposure to foreign exchange rates and interest rates on a regular basis. For investment overseas and at times of exchange rate and interest rate uncertainty or volatility, hedging instruments including swaps and forwards are used in the management of exposure to foreign exchange rate and interest rate fluctuations.

At the year end date, 58.5% of the Group's borrowings were in HK\$ and US\$, and borrowings in RMB, AUD and GBP had been arranged for property projects on the Mainland, investments in infrastructure and utility asset operation in Australia and pub operation in the United Kingdom. The Group derives its revenue from property businesses mainly in HK\$ and RMB and maintains bank balances and deposits substantially in HK\$ and RMB. Income in foreign currencies is generated by overseas investments and operations, and cash in these foreign currencies is maintained for operational requirements.

Charges on Assets

At the year end date, properties amounting to HK\$16,021 million (2018 – HK\$13,393 million) were charged to secure bank loans arranged for property development projects on the Mainland and properties amounting to HK\$37,058 million were charged to secure other borrowings arranged for pub operation in the United Kingdom.

Contingent Liabilities

At the year end date, the Group provided guarantees for (i) revenue shared by land owner of a hotel project amounting to HK\$521 million (2018 – HK\$536 million); (ii) mortgage loans provided by banks to purchasers of properties developed and sold by the Group on the Mainland amounting to HK\$1,975 million (2018 – HK\$3,005 million); and (iii) loans provided by banks to a joint venture amounting to HK\$3,502 million.

Employees

At the year end date, the Group (including its subsidiaries) employed approximately 56,000 employees and remuneration for the year (excluding directors' emoluments) amounted to approximately HK\$6,525 million. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis, together with reference to the profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions within the general framework of the Group's salary and bonus system. The Group does not have any share option scheme for employees.

DIRECTORS' BIOGRAPHICAL INFORMATION



Victor T K Li

KAM Hing Lam

IP Tak Chuen, Edmond

LI Tzar Kuoi, Victor, aged 55, joined the CK Group in 1985, and has been the Chairman since 10 May 2018, the Managing Director since February 2015, and the Chairman of the Executive Committee of the Company since June 2015. He has also been a member of the Remuneration Committee of the Company since 10 May 2018 and the Chairman of the Nomination Committee of the Company since January 2019. Mr. Li has been a Director since January 2015 and an Executive Director of the Company since February 2015. He acted as the Deputy Chairman of the Company from February 2015 to 10 May 2018. Mr. Li is the Chairman and Group Co-Managing Director of CK Hutchison Holdings Limited. He is also the Chairman of CK Infrastructure Holdings Limited and CK Life Sciences Int'l., (Holdings) Inc., a Non-executive Director of Power Assets Holdings Limited and HK Electric Investments Manager Limited ("HKEIM") as the trustee-manager of HK Electric Investments, a Non-executive Director and the Deputy Chairman of HK Electric Investments Limited and Co-Chairman of Husky Energy Inc. Except for HKEIM, all the companies/investment trust mentioned above are listed in Hong Kong or overseas. Mr. Li is also the Deputy Chairman of Li Ka Shing Foundation Limited and Li Ka Shing (Global) Foundation (formerly known as Li Ka Shing (Overseas) Foundation), the Member Deputy Chairman of Li Ka Shing (Canada) Foundation, and a Director of The Hongkong and Shanghai Banking Corporation Limited. He serves as a member of the Standing Committee of the 13th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He is also a member of the Chief Executive's Council of Advisers on Innovation and Strategic Development of the Hong Kong Special Administrative Region and Vice Chairman of the Hong Kong General Chamber of Commerce. Mr. Li is the Honorary Consul of Barbados in Hong Kong. He holds a Bachelor of Science degree in Civil Engineering, a Master of Science degree in Civil Engineering and a degree of Doctor of Laws, honoris causa (LL.D.). Mr. Li is the elder son of Mr. Li Ka-shing, the Senior Advisor of the Company and a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), and a nephew of Mr. Kam Hing Lam, Deputy Managing Director and an Executive Committee Member of the Company. Mr. Li is also a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company.

KAM Hing Lam, aged 73, joined the CK Group in 1993, and has been an Executive Director and Deputy Managing Director of the Company since February 2015, an Executive Committee Member of the Company since June 2015 and a member of the Nomination Committee of the Company since January 2019. He is Deputy Managing Director of CK Hutchison Holdings Limited. He is also the Group Managing Director of CK Infrastructure Holdings Limited and the President and Chief Executive Officer of CK Life Sciences Int'l., (Holdings) Inc. All the companies mentioned above are listed companies. Mr. Kam is also the Chairman of Hui Xian Asset Management Limited as the manager of Hui Xian REIT (listed in Hong Kong). He holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration. Mr. Kam is the brother-in-law of Mr. Li Ka-shing, the Senior Advisor of the Company and a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance, and an uncle of Mr. Li Tzar Kuoi, Victor, the Chairman and Managing Director of the Company and the Chairman of the Executive Committee of the Company.

IP Tak Chuen, Edmond, aged 67, joined the CK Group in 1993, and has been a Director since January 2015, Deputy Managing Director and an Executive Director of the Company since February 2015, an Executive Committee Member of the Company since June 2015 and a member of the Nomination Committee of the Company since January 2019. He is Deputy Managing Director of CK Hutchison Holdings Limited. He is also an Executive Director and Deputy Chairman of CK Infrastructure Holdings Limited, and the Senior Vice President and Chief Investment Officer of CK Life Sciences Int'l., (Holdings) Inc. All the companies mentioned above are listed companies. Mr. Ip is also a Non-executive Director of Hui Xian Asset Management Limited as the manager of Hui Xian REIT (listed in Hong Kong). He holds a Bachelor of Arts degree in Economics and a Master of Science degree in Business Administration. Mr. Ip is a director of certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance.



CHUNG Sun Keung,
Davy

CHIU Kwok Hung,
Justin

CHOW Wai Kam,
Raymond

PAU Yee Wan,
Ezra

WOO Chia Ching,
Grace

CHUNG Sun Keung, Davy, aged 68, joined the CK Group in 1978, and has been an Executive Director of the Company since February 2015, an Executive Committee Member of the Company since June 2015 and a member of the Nomination Committee of the Company since January 2019. Mr. Chung is a Registered Architect. He was a member of the 11th Guangzhou Committee of the Chinese People's Political Consultative Conference of the People's Republic of China.

CHIU Kwok Hung, Justin, aged 69, joined the CK Group in 1997, and has been an Executive Director of the Company since February 2015, an Executive Committee Member of the Company since June 2015 and a member of the Nomination Committee of the Company since January 2019. He is the Chairman of ARA Asset Management (Prosperity) Limited as the manager of Prosperity REIT (listed in Hong Kong). Mr. Chiu is also a Non-executive Director of ARA Asset Management (Fortune) Limited as the manager of Fortune REIT (currently listed in Hong Kong, and previously listed in Singapore prior to 21 October 2019). He is also a Director of ARA Fund Management (Asia Dragon) Limited as the manager of the ARA Asia Dragon Fund. Mr. Chiu has more than 40 years of international experience in real estate in Hong Kong and various countries. Mr. Chiu is a Fellow of The Royal Institution of Chartered Surveyors, a Council Member and a Fellow of The Hong Kong Institute of Directors, a Fellow of Hong Kong Institute of Real Estate Administrators, a Vice Chairman of the Board of Governors of Hong Kong Baptist University Foundation, an Honorary Associate Member of Business of Trent University, Canada, a member of the Singapore Management University International Advisory Council in China, a Senior Visiting Fellow of the Department of Land Economy at University of Cambridge, an Honorary Professor of School of Pharmaceutical Sciences of Sun Yat-sen University and an Adjunct Professor in the School of Business of Hong Kong Baptist University. He was a member of the Standing Committee of the 12th Shanghai Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He holds a Bachelor of Arts degree in Sociology and Economics, and was conferred with the degree of Doctor of Social Sciences, *honoris causa* by Hong Kong Baptist University and the degree of Doctor of Laws, *honoris causa* by Trent University, Canada. Mr. Chiu is a director of a company controlled by a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

CHOW Wai Kam, Raymond, JP, aged 72, has been an Executive Director of the Company since February 2015, an Executive Committee Member of the Company since June 2015 and a member of the Nomination Committee of the Company since January 2019. He joined the Hutchison Group in July 1995 and before his appointment on the Board, he was previously the Group Managing Director of the property and hotels divisions of the Hutchison Group. Mr. Chow is currently the Group Managing Director of Hutchison Property Group Limited, a wholly owned subsidiary of the Company. He is also a Non-executive Director of AVIC International Holding (HK) Limited, a listed company. He has over 40 years of experience in project management and architectural design for various developments, including hotel, residential, commercial, industrial and school projects in Hong Kong, the Mainland and overseas. He holds a Bachelor of Arts degree in Architectural Studies and a Bachelor of Architecture degree from the University of Hong Kong. He is an Authorised Person (List of Architects) and a Registered Architect. He was also admitted as a Fellow of The Hong Kong Institute of Architects since August 2001.

PAU Yee Wan, Ezra, aged 64, joined the CK Group in 1982, and has been an Executive Director of the Company since February 2015, an Executive Committee Member of the Company since June 2015 and a member of the Nomination Committee of the Company since January 2019. Ms. Pau is a director of certain substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance, and a director of certain companies controlled by certain substantial shareholders of the Company.

WOO Chia Ching, Grace, aged 63, joined the CK Group in 1987, and has been an Executive Director of the Company since February 2015, an Executive Committee Member of the Company since June 2015 and a member of the Nomination Committee of the Company since January 2019. She holds a Bachelor of Arts degree from the University of Pennsylvania, U.S.A. and a Master's degree in City and Regional Planning from Harvard University, U.S.A. Ms. Woo is a director of certain companies controlled by a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

DIRECTORS' BIOGRAPHICAL INFORMATION (CONTINUED)



CHEONG Ying Chew, Henry

CHOW Nin Mow, Albert

HUNG Siu-lin, Katherine

Colin Stevens RUSSEL

Donald Jeffrey ROBERTS

CHEONG Ying Chew, Henry, aged 72, has been an Independent Non-executive Director, the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company since February 2015, and a member of the Nomination Committee of the Company since January 2019. Mr. Cheong is also an Independent Non-executive Director of CK Infrastructure Holdings Limited, New World Department Store China Limited and Skyworth Group Limited, and an Independent Director of BTS Group Holdings Public Company Limited. Mr. Cheong is an Executive Director and Deputy Chairman of Worldsec Limited. He was previously an Independent Non-executive Director of CNNC International Limited, Greenland Hong Kong Holdings Limited, TOM Group Limited and Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH"), and an Alternate Director to Dr. Wong Yick-ming, Rosanna, an Independent Non-executive Director of HTHKH. All companies mentioned above are listed companies. Mr. Cheong holds a Bachelor of Science degree in Mathematics and a Master of Science degree in Operational Research and Management.

CHOW Nin Mow, Albert, aged 70, has been an Independent Non-executive Director and a member of the Audit Committee of the Company since February 2015, and a member of the Nomination Committee of the Company since January 2019. Mr. Chow is the Chairman and Managing Director of Wah Yip (Holdings) Limited.

HUNG Siu-lin, Katherine, aged 72, joined the CK Group in March 1972, and has been an Independent Non-executive Director, the Chairman of the Remuneration Committee and a member of the Audit Committee of the Company since February 2015, and a member of the Nomination Committee of the Company since January 2019. Ms. Hung is a member of the Supervisory Board of Hong Kong Housing Society, a Governing Committee Member of The Hong Kong Polytechnic University Foundation, an Honorary Court Member of The Hong Kong Polytechnic University, an Honorary Court Member of Lingnan University, President Consultant of Tianjin University and Honorary Vice Chairman of Chinese Academy of Governance (HK) Industrial and Commercial Professionals Alumni Association. She was a member of the Tianjin Committee of the 12th and 13th Chinese People's Political Consultative Conference of the People's Republic of China from January 2008 to January 2018, a Court Member of The Hong Kong University of Science and Technology for the period from 2011 to May 2016, an Executive Committee Member of Hong Kong Housing Society from September 2008 to August 2014, a Member of Estate Agents Authority during the period from November 2006 to October 2012, and a Steering Committee Member of the Institute for Enterprise of The Hong Kong Polytechnic University from April 2000 to August 2011. Ms. Hung is a University Fellow of The Hong Kong Polytechnic University.

Colin Stevens RUSSEL, aged 79, has been an Independent Non-executive Director and a member of the Audit Committee of the Company since March 2017, and a member of the Nomination Committee of the Company since January 2019. He is also an Independent Non-executive Director of CK Infrastructure Holdings Limited, CK Life Sciences Int'l., (Holdings) Inc. and Husky Energy Inc. All the companies mentioned above are listed companies. Mr. Russel is the founder and Managing Director of Emerging Markets Advisory Services Ltd., a company which provides advisory services to organisations on business strategy and planning, market development, competitive positioning and risk management. He is also Managing Director of EMAS (HK) Limited. He was the Canadian Ambassador to Venezuela, Consul General for Canada in Hong Kong, Director for China of the Department of Foreign Affairs, Ottawa, Director for East Asia Trade in Ottawa, Senior Trade Commissioner for Canada in Hong Kong, Director for Japan Trade in Ottawa, and was in the Trade Commissioner Service for Canada in Spain, Hong Kong, Morocco, the Philippines, London and India. He was Project Manager for RCA Ltd in Liberia, Nigeria, Mexico and India and electronic equipment development engineer in Canada with RCA Ltd and in Britain with Associated Electrical Industries. Mr. Russel received his Bachelor's degree in electronics engineering and Master's degree in Business Administration from McGill University, Canada. He is a Qualified Commercial Mediator.

Donald Jeffrey ROBERTS, aged 68, has been an Independent Non-executive Director and a member of the Audit Committee of the Company since March 2017, and a member of the Nomination Committee of the Company since January 2019. He is an Independent Non-executive Director of HK Electric Investments Manager Limited, which is the trustee-manager of HK Electric Investments ("HKEI"), and HK Electric Investments Limited, a company listed together with HKEI in Hong Kong; and an Independent Non-executive Director of Queen's Road Capital Investment Ltd. (listed in Canada). He is also a Director of The Hongkong Electric Company, Limited, and an Independent Non-executive Director of Welab Bank Limited (formerly known as Welab Digital Limited) and Welab Capital Limited. He joined the Hutchison Whampoa Limited ("HWL") Group in 1988 and was the Group Deputy Chief Financial Officer of HWL from 2000 until his retirement in 2011. Mr. Roberts is a Member of the Listing Committee of the Main Board and GEM of The Stock Exchange of Hong Kong Limited. He was previously a member of the Executive Committee of The Canadian Chamber of Commerce (the "Chamber") in Hong Kong and is currently Governor of the Chamber. He has previously served as a Governor of the Canadian International School of Hong Kong for 12 years and also a member on its finance committee. Mr. Roberts served as a member, including as the Deputy Chairman, of the Professional Conduct Committee of the Hong Kong Institute of Certified Public Accountants ("HKICPA") for 9 years. Mr. Roberts holds a Bachelor of Commerce degree. He is a Chartered Accountant with the Chartered Professional Accountants of Canada, Alberta and British Columbia, and also a Fellow of the HKICPA.

KEY PERSONNEL'S BIOGRAPHICAL INFORMATION

Accounts Department

Man Ka Keung, Simon, aged 62, Executive Committee Member & General Manager, Accounts Department, joined the CK Group in December 1987. He is the Alternate Director to Mr. Ip Tak Chuen, Edmond, Deputy Chairman and Executive Director of CK Infrastructure Holdings Limited and a Director of Harbour Plaza Hotel Management Limited. He is also a board member of the Community Chest of Hong Kong. He has over 39 years of experience in accounting, auditing, tax and finance. He holds a Bachelor's degree in Economics and is a member of Chartered Accountants Australia and New Zealand.

Lee Shu Yan, Simon, aged 56, Deputy Chief Manager, joined the CK Group in October 1987. He has over 37 years of experience in accounting. He holds a Postgraduate Diploma in Management Studies. He is a fellow member of The Association of Chartered Certified Accountants, a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, a non-practising member of The Chinese Institute of Certified Public Accountants, and a fellow member and Certified Tax Adviser of The Taxation Institute of Hong Kong.

Ng Yuet Fong, Betty, aged 71, Deputy Chief Manager, joined the CK Group in September 1993. She has over 47 years of experience in accounting and treasury. She holds a Bachelor of Business Administration degree in Accounting.

Lau Chi Ho, Elton, aged 39, Manager, joined the CK Group in September 2013. He has over 17 years of experience in accounting and auditing. He holds a Bachelor of Business Administration degree with Honours in Accounting. He is a fellow member of The Association of Chartered Certified Accountants.

Wong Ling, Suki, aged 36, Manager, joined the CK Group in June 2014. She has over 14 years of experience in accounting and auditing. She holds a Bachelor of Business Administration degree with Honours in Accounting. She is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

Ng Wai Ling, Carrie, aged 51, Manager, joined the CK Group in October 2005. She has over 27 years of experience in accounting and auditing. She holds a Master of Science degree in Financial Management. She is a fellow member of The Association of Chartered Certified Accountants.

Cheung Wan Tung, Walter, aged 37, Manager, joined the CK Group in February 2013. He has over 15 years of experience in accounting and auditing. He holds a Bachelor of Business Administration degree with Honours in Accounting. He is a fellow member of The Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

Choi Hiu Yeung, Gary, aged 36, Manager, joined the CK Group in April 2015. He has over 14 years of experience in accounting and auditing. He holds a Bachelor of Business Administration degree with Honours in Accounting. He is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

Administration Department

Ng Po Lung, aged 58, Senior Manager, joined the CK Group in November 1993. He has over 35 years of experience in office administration management. He holds a Diploma in Legal Studies, a Bachelor of Social Science degree with Honours and a Master's degree in Business Administration.

Yu Wing Han, Jessica, aged 53, Manager, joined the CK Group in August 2014. She has over 24 years of experience in office administration management. She holds a Bachelor of Science degree with Honours, a Postgraduate Diploma in Professional Accounting and a Master's degree in Business Administration.

Building Cost & Contract Department

Chee Chun Kit, aged 57, Chief Manager, joined the CK Group in December 1991. She has over 31 years of experience in quantity surveying. She holds an Associateship in Building Technology and Management and a Master of Laws degree in International and Commercial Law. She is a Registered Professional Surveyor, a professional member of the Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors, a member of Hong Kong Institute of Construction Managers, a member of The Chartered Institute of Arbitrators and possesses the qualification of PRC Cost Engineer.

Cheung Wai Hung, Kevin, aged 53, Contracts Manager, joined the CK Group in March 1998. He has over 34 years of experience in quantity surveying. He holds a Bachelor of Science degree with Honours in Construction Economics and Management. He is a Registered Professional Surveyor, a professional member of the Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors.

Lam Man Na, Mana, aged 54, Contracts Manager, joined the CK Group in April 1996. She has over 30 years of experience in quantity surveying. She holds a Higher Diploma in Building and a Diploma in Surveying (Quantity Surveying). She is a Registered Professional Surveyor, a professional member of the Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors and possesses the qualification of PRC Cost Engineer.

Lau Heung Wing Joseph, aged 51, Contracts Manager, joined the CK Group in October 2000. He has over 29 years of experience in quantity surveying. He holds a Higher Diploma in Building Services Engineering and a Master of Science degree in Construction Project Management. He is a professional member of the Royal Institution of Chartered Surveyors, a member of The Chartered Institute of Arbitrators, a member of The Hong Kong Institute of Value Management and a Beam Professional of Hong Kong Green Building Council.

Construction Audit & Quality Assurance Department

Chen Siu Hung, Wilson, aged 47, Manager, joined the CK Group in April 2001. He has over 23 years of experience in building quality management. He holds a Master of Science degree in Facility Management and a Bachelor of Engineering degree with Honours in Building Services Engineering. He is a Registered Professional Engineer, a Chartered Engineer, a member of The Hong Kong Institution of Engineers, a member of The Chartered Institution of Building Services Engineers (UK) and a member of The Institute of Engineering and Technology.

KEY PERSONNEL'S BIOGRAPHICAL INFORMATION (CONTINUED)

Chairman's Office

Li Tuen Yee, Bianca, aged 56, Manager, joined the CK Group in May 1987. She has over 36 years of experience in secretarial and office management.

China Department

Beijing

Yeung Shun Kiu, Eva, aged 43, Finance Manager, joined the CK Group in September 2008. She has over 21 years of experience in accounting. She holds a Bachelor of Business Administration degree with Honours in Accounting. She is a fellow member of The Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

Beijing Office

Wong K, James, aged 56, Manager, Business Development, joined the CK Group in September 1991. He has over 30 years of experience in business development. He is the Chief Representative of the Beijing Office of the Company, and is also the Director, Deputy General Manager and Chief Corporate Affairs Officer of Beijing Oriental Plaza Company Limited. He holds a Master's degree in Management Science and a Postgraduate Diploma in Global Operations and Management.

Guangzhou

Tang Sek Wai, Max, aged 60, Senior Project Manager, joined the CK Group in November 1986. He is the General Manager of Regal Lake Property Development Limited Guangzhou, Shanghai Heya Property Development Company Limited, Shanghai Lianya Investment Consultancy Company Limited (上海聯雅投資諮詢有限公司) and Shanghai Xiangya Investment Consultancy Company Limited (上海翔雅投資諮詢有限公司). He is also a Director and the General Manager of Beijing Po Garden Real Estates Development Company Limited and Beijing Chang Le Real Estates Development Company Limited. He has over 33 years of experience in project management. He holds a Master's degree in Environmental Engineering Management and a Master's degree in Business Administration (Executive). He is a Chartered Builder, a member of The Hong Kong Institution of Engineers and a member of Hong Kong Institute of Construction Managers.

Lam Ka Keung, aged 62, Project Manager, joined the CK Group in June 1994. He has over 42 years of experience in project management. He holds a Higher Certificate in Construction Technology.

Shanghai

Lam Yuk, Bruce, aged 51, Senior Project Manager, joined the CK Group in June 1998. He is the General Manager of Shanghai Changrun Jianghe Property Development Company Limited. He has over 26 years of experience in project management. He holds a Bachelor of Arts degree with Honours in Architectural Studies, a Master's degree in Architecture, a Master's degree in Business Administration and a Postgraduate Diploma in Project Management. He is a Registered Architect, a member of The Hong Kong Institute of Architects and possesses the qualification of PRC Class 1 Registered Architect.

Chan Wing Fai, Eric, aged 53, Leasing Manager, joined the CK Group in July 2012. He is also the Chief Leasing Manager of our project Company in Shanghai. He has over 27 years of experience in property leasing. He holds a Bachelor of Science degree in Land Management and a Master of Science degree in International Real Estate. He is a professional member of the Royal Institution of Chartered Surveyors.

Chong Kwan Yi, Charles, aged 44, Leasing Manager, joined the CK Group in January 2006. He is also the Senior Leasing Manager of our project Company in Shanghai. He has over 21 years of experience in property leasing. He holds a Bachelor of Science degree with Honours in Mathematics, a Master of Science degree in Real Estate, a Master of Arts degree in Quantitative Analysis for Business and a Master of Science degree in China Business Studies. He is a professional member of the Royal Institution of Chartered Surveyors, a member of China Institute of Real Estate Appraisers and Agents and possesses the qualification of PRC Real Estate Agent.

Lam Chung For, Paul, aged 56, Leasing Manager, joined the Group in November 2019. He is also the Chief Leasing Manager of our project Company in Shanghai. He has over 20 years of experience in real estate. He holds a Bachelor of Business Administration degree with Honours in Public Administration and a Master of Arts degree in Business – Real Estate Management. He is a professional member of the Royal Institution of Chartered Surveyors and a member of Hong Kong Institute of Real Estate Administrators.

Shum Kam Yiu, Richard, aged 44, Finance Manager, joined the Group in September 2017. He is also the Financial Controller of our project Companies in Shanghai. He has over 19 years of experience in accounting. He holds a Bachelor of Arts degree with Honours in Accountancy. He is a fellow member of The Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

China Property

Lee Chi Kin, Casey, aged 57, Business Development Manager, joined the CK Group in August 1998. He is also an Executive Director, the Chief Operating Officer and a Responsible Officer of Hui Xian Asset Management Limited. He has over 35 years of experience in accounting, hotel management and property development. He holds a Bachelor of Social Sciences degree with Honours. He is a member of The Chinese Institute of Certified Public Accountants, a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, and a fellow of The Institute of Chartered Accountants in England and Wales.

Chu Yu Fai, Kenneth, aged 67, Business Development Manager, joined the CK Group in July 1994. He is also the General Manager of Chongqing Metropolitan Oriental Plaza Company Limited and Chongqing Oriental Plaza Hotel Company Limited. He has over 40 years of experience in finance, accounting, auditing, hotel management and business development. He holds a Bachelor of Arts degree in Economics and a Bachelor of Commerce degree in Business Administration.

Cheung Sau Ying, Dorothy, aged 58, Business Development Manager, joined the CK Group in August 2000. She is also the Director and Deputy General Manager of Shenyang Lido Business Company Limited, Deputy General Manager of Sofitel Shenyang Lido, Deputy General Manager of Chengdu Chang Tian Company Limited and Deputy General Manager of Sheraton Chengdu Lido Hotel. She has over 35 years of experience in accounting. She holds a Higher Certificate in Company Secretaries and Administration. She is an associate member of The Chartered Governance Institute and an associate member of The Hong Kong Institute of Chartered Secretaries.

Company Secretarial Department

Yeung, Eirene, aged 59, Executive Committee Member and Company Secretary, and General Manager of Company Secretarial Department. She joined the CK Group in August 1994. She is also the Company Secretary and the Alternate Director to Mr. Kam Hing Lam, the Group Managing Director of CK Infrastructure Holdings Limited. She is also the Company Secretary of CK Life Sciences Int'l., (Holdings) Inc. and a Non-executive Director of ARA Asset Management (Fortune) Limited. She is a non-executive director of the Financial Reporting Council, a member of the Advisory Committee on Corruption of the Independent Commission Against Corruption and Vice Chairman of the General Committee of The Chamber of Hong Kong Listed Companies. She is a solicitor of the High Court of the Hong Kong Special Administrative Region and a non-practising solicitor of the Senior Courts of England and Wales. She is also a fellow member of The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute. She holds a Master of Science degree in Finance, a Master's degree in Business Administration and a Bachelor's degree in Laws.

Cheung Yuen Sang, aged 60, Deputy Chief Group General Counsel, joined the CK Group in January 2015. He has over 31 years of experience in the legal field. He holds a Bachelor of Laws degree with Honours, a Master of Laws degree and a Master's degree in Business Administration. He is a solicitor of the Senior Courts of England & Wales and of the High Court of the Hong Kong Special Administrative Region.

Tse Kin Keung, Augustine, aged 50, Deputy Chief Group General Counsel, joined the CK Group in October 2010. He has over 27 years of experience in the legal field. He holds a Bachelor's degree with Honours in Laws, a Postgraduate Certificate in Laws and a Master's degree in Business Administration. He is a solicitor of the High Court of the Hong Kong Special Administrative Region.

Chan Siu Yin, Bomie, aged 49, Assistant General Manager, joined the CK Group in August 2012. She has over 24 years of experience in company secretarial, accounting, finance and the auditing field. She holds a Master of Science degree in Accountancy and a Graduate Diploma in China Business Law. She is a fellow member of The Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

Cheng Shuk Chi, Bridie, aged 48, Assistant General Manager, joined the CK Group in September 2004. She has over 24 years of experience in the company secretarial field. She holds a Bachelor's degree with Honours in Business Administration. She is an associate member of The Hong Kong Institute of Chartered Secretaries and an associate member of The Chartered Governance Institute.

Lee Ming Hua, Pauline, aged 48, Senior Group General Counsel, joined the Group in July 2017. She has over 14 years of experience in the legal field. She holds a Bachelor of Commerce degree, a Bachelor of Laws degree, a Postgraduate Certificate in Laws and a Master of Laws degree. She is a solicitor of the High Court of the Hong Kong Special Administrative Region, and a non-practising solicitor of the Supreme Court of Victoria and the Supreme Court of New South Wales. She is also an associate member of The Chartered Governance Institute.

Lo Yuan Shan, Kyna, aged 38, Senior Group General Counsel, joined the Group in November 2018. She has over 13 years of experience in the legal field. She holds a Bachelor of Laws degree with Honours. She is a solicitor of the Senior Courts of England & Wales and an attorney of the Supreme Court of the State of New York. She is also a fellow member of The Hong Kong Institute of Chartered Secretaries and a fellow member of The Chartered Governance Institute.

Chan Cho Mui, Jo, aged 51, Senior Manager, joined the CK Group in November 2003. She has over 27 years of experience in the company secretarial field. She is an associate member of The Hong Kong Institute of Chartered Secretaries and an associate member of The Chartered Governance Institute.

Wong Yee Wah, Eva, aged 51, Senior Copywriting Manager, joined the CK Group in March 1997. She has extensive translation and copywriting experience in areas of finance, economics and commerce. She holds a Bachelor of Arts degree with Honours in Business Studies and a Master of Arts degree in China Development Studies.

Chow Hoi Wah, Justin, aged 35, Group General Counsel, joined the Group in November 2019. He has over 9 years of experience in the legal field. He holds a Bachelor of Laws degree with Honours and a Postgraduate Certificate in Laws. He is an attorney of the New York State Bar Association.

Lee Hok Yee, Natalie, aged 49, Manager, joined the CK Group in May 2009. She has over 25 years of experience in the company secretarial field. She holds a Bachelor of Business degree in Business Administration and a Master of Arts degree in Professional Accounting and Information Systems. She is an associate member and a Chartered Governance Professional of The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute.

Szeto Mei Sim, Veronica, aged 48, Manager, joined the CK Group in May 2004. She has over 21 years of experience in the company secretarial field. She holds a Bachelor of Arts degree with Honours in Information Systems, a Postgraduate Diploma in Corporate Administration and a Master's degree in Professional Accounting. She is an associate member of The Hong Kong Institute of Chartered Secretaries and an associate member of The Chartered Governance Institute.

Construction Management Department

Shen Wai Yee, Grace, aged 68, Executive Committee Member & General Manager, Construction Management Department, joined the CK Group in September 1989. She has over 38 years of experience in project management. She holds a Bachelor of Arts degree in Sociology and a Bachelor of Architecture degree. She is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region and a member of The Hong Kong Institute of Architects.

KEY PERSONNEL'S BIOGRAPHICAL INFORMATION (CONTINUED)

Mak Kwok Keung, Charles, aged 58, Senior Executive Manager, joined the CK Group in January 1994. He has over 37 years of experience in construction management. He holds a Postgraduate Diploma in Construction Management.

Cheng Kin Chi, Eddy, aged 44, Senior Manager, joined the CK Group in July 2009. He has over 21 years of experience in construction management. He holds a Bachelor of Science degree with Honours in Building Technology and Management and a Master of Science degree in Project Management. He is a member of The Chartered Institute of Building and a member of The Hong Kong Institution of Engineers.

Law Chi Hang, Tony, aged 45, Senior Manager, joined the CK Group in July 2008. He has over 27 years of experience in construction management. He holds a Diploma in Surveying and a Master of Science degree in Project Management. He is a member of The Chartered Institute of Building.

Chan Wai Shing, Vincent, aged 47, Manager, joined the CK Group in September 2007. He has over 22 years of experience in construction management. He holds a Bachelor of Engineering degree with Honours in Building Services Engineering. He is a Chartered Engineer, a Registered Professional Engineer, a member of The Chartered Institution of Building Services Engineers (UK) and a member of The Hong Kong Institution of Engineers.

Yeung Sim Fong, aged 50, Manager, joined the CK Group in August 2004. She has over 25 years of experience in construction management. She holds a Bachelor of Science degree in Building Technology and Management and a Master's degree in Construction Engineering and Management. She is a member of The Chartered Institute of Building and a member of Hong Kong Institute of Construction Managers.

Corporate Affairs Department

Tong Barnes Wai Che, Wendy, aged 59, Chief Corporate Affairs Officer, joined the CK Group in March 1999. She is also the Chief Corporate Affairs Officer of CK Infrastructure Holdings Limited and CK Life Sciences Int'l., (Holdings) Inc. as well as the Deputy Chief Executive Officer of Hui Xian Asset Management Limited. She holds a Bachelor's degree in Business Administration.

Tsui Sau Yuen, Anita, aged 56, Deputy Chief Manager, Marketing Communications, joined the CK Group in August 2005. She has over 30 years of experience in advertising and marketing communications. She holds a Diploma in Journalism.

Cheong Yuen Mei, Winnie, aged 51, Deputy Chief Manager, Corporate Affairs, joined the CK Group in March 1999. She is also the Deputy Chief Manager, Corporate Affairs of CK Infrastructure Holdings Limited. She has about 30 years of experience in public relations and corporate affairs. She holds a Bachelor of Arts degree with Honours in Philosophy.

Chan Siu Wah, Susana, aged 50, Senior Corporate Affairs Manager, joined the Group in February 2017. She has over 25 years of experience in public relations and corporate affairs. She holds a Bachelor of Arts degree with Honours and a Diploma in Human Resource Management.

Huen Ka Lee, Carrie, aged 49, Senior Corporate Affairs Manager, joined the CK Group in April 2014. She has over 25 years of experience in public relations and corporate affairs. She holds a Bachelor of Arts degree with Honours.

Yim Wai Fan, Abby, aged 45, Senior Marketing Communications Manager, joined the CK Group in November 2009. She has over 20 years of experience in the marketing communications field. She holds a Bachelor of Science degree with Honours in Sociology.

Cheung Shung Yin, Veronica, aged 43, Marketing Communications Manager, joined the CK Group in January 2010. She has about 20 years of experience in the marketing communications field. She holds a Bachelor of Social Science degree with Honours.

Corporate Business Development Department

Ma Lai Chee, Gerald, aged 52, Executive Committee Member & General Manager, Corporate Business Development Department, joined the CK Group in February 1996. He is a Non-Executive Director of ARA Asset Management (Fortune) Limited as the manager of Fortune Real Estate Investment Trust and ARA Asset Management (Prosperity) Limited as the manager of Prosperity Real Estate Investment Trust (both listed in Hong Kong). He is also an Alternate Director to Mr. Lai Kai Ming, Dominic, Non-Executive Director of Hutchison Telecommunications Hong Kong Holdings Limited (listed in Hong Kong). He has over 30 years of management experience in different industries. He holds a Bachelor of Commerce degree in Finance and a Master of Arts degree in Global Business Management. He is a member of the Hospitality Services Committee of Caritas Hong Kong. He is also a member of the President's Circle, the Dean's Advisory Board for the Faculty of Arts and the Faculty Advisory Board of the UBC Sauder School of Business of the University of British Columbia, Canada.

Lee Kwong Wang, Francis, aged 49, Chief Manager, joined the CK Group in August 2000. He is a Director of e-Smart System Inc., iMarkets Limited and Beijing Net-Infinity Technology Development Company Limited. He has over 27 years of experience in banking, investment and managing technology related ventures. He holds a Bachelor of Science degree with Honours and a Master's degree in Business Administration. He is a Chartered Financial Analyst, a member of The CFA Institute and a member of The Hong Kong Society of Financial Analysts Limited.

Chan Cheuk Man, Curley, aged 48, Deputy Chief Manager, joined the CK Group in July 2000. He has over 25 years of experience in finance, investment and business development. He holds a Bachelor of Arts degree with Honours in Accountancy and a Master of Science degree in Accounting and Finance. He is a fellow member of The Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

Chow Ping Leung, Ruskin, aged 50, Deputy Chief Manager, joined the Group in July 2016. He has over 24 years of experience in risk management. He holds a Bachelor of Sciences degree with Honours in Engineering and a Master's degree in Business Administration.

Kiang Shin Ping, Lillian, aged 42, Deputy Chief Manager, joined the CK Group in October 2014. She has over 17 years of experience in finance, investment and business development. She holds a Bachelor of Science degree in Management Science and a Master's degree in Business Administration.

Lau Chun Yu, Sophia, aged 40, Deputy Chief Manager, joined the CK Group in August 2000. She has over 19 years of experience in business development. She holds a Bachelor of Science degree, a Bachelor of Commerce degree and a Master's degree in International and Public Affairs. She is an associate member of The Chartered Institute of Management Accountants and a Chartered Global Management Accountant.

Lau Yuen Sun, aged 55, Senior Manager, Project Management, joined the CK Group in August 2001. He has over 29 years of experience in project management. He holds a Bachelor of Engineering degree with Honours, a Master of Science degree and a Diploma in Professional Project Management.

Au Chi Pun, Esmond, aged 53, Manager, Group Risk Management and Project Administration, joined the Group in July 2016. He has over 24 years of experience in mortgage underwriting. He holds a Master's degree in Business Administration.

Chan Chuen Kit, Dickie, aged 48, Manager, Engineering, joined the CK Group in August 1995. He has over 24 years of experience in networking & system engineering. He holds a Bachelor of Science degree in Computer Science and a Master of Science degree in E-Commerce.

Chi Man Hong, Jeffrey, aged 46, Manager, Group Risk Management and Project Administration, joined the CK Group in October 1995. He has over 24 years of experience in sales & marketing. He holds a Bachelor of Science degree with Honours in Biology and a Master of Science degree in Marketing Management.

Chu Hiu Yee, Connie, aged 34, Manager, joined the CK Group in November 2011. She has over 12 years of experience in accounting. She holds a Bachelor of Business Administration degree with Honours in Professional Accountancy. She is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

Kwok Stephen Joseph, aged 49, Manager, Engineering, joined the CK Group in May 2001. He has over 24 years of experience in networking & system engineering. He holds a Bachelor of Arts degree in Economics.

Lau Wai Kuen, Aden, aged 53, Manager, Group Risk Management and Project Administration, joined the Group in July 2016. He has over 26 years of experience in insurance. He holds a Master's degree and a Doctor's degree in Business Administration. He is a Senior Associate of Australian and New Zealand Institute of Insurance and Finance.

Leigh Zen Way, Eric, aged 50, Manager, Group Risk Management and Project Administration, joined the CK Group in April 2003. He has over 22 years of experience in sales & marketing. He holds a Bachelor of Science degree.

Leung Wai Ping, Ricky, aged 56, Manager, Project Management, joined the CK Group in June 1993. He has over 33 years of experience in project management. He holds a Diploma in Electrical Engineering.

Luk Ting Chung, Mike, aged 47, Manager, Group Risk Management and Project Administration, joined the CK Group in February 1998. He has over 29 years of experience in sales & marketing. He holds a Bachelor's degree with Honours in Management Studies.

Wu Cheuk Ying, Ivy, aged 43, Manager, Finance & Administration, joined the CK Group in April 2008. She has over 20 years of experience in accounting and auditing. She holds a Bachelor of Business Administration degree with Honours in Accountancy and a Master of Corporate Governance degree. She is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

Yip Lai On, Maggie, aged 41, Manager, Finance & Administration, joined the CK Group in May 2008. She has over 19 years of experience in accounting. She holds a Bachelor of Arts degree with Honours in Accountancy and a Master of Professional Accounting degree. She is a fellow member of The Association of Chartered Certified Accountants.

Yu Lok Lun, Lawrence, aged 30, Manager, joined the CK Group in January 2015. He has over 8 years of experience in investment banking and business development. He holds a Bachelor of Science degree in Economics.

Yu Po Wah, Raymond, aged 34, Manager, Finance & Administration, joined the Group in August 2015. He has over 10 years of experience in accounting. He holds a Bachelor of Business Administration degree with Honours in Accounting and a Master of Corporate Finance degree. He is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and an associate member of The Institute of Chartered Accountants of England and Wales.

Design & Promotion Department

Leung Yuen Kwan, Josephine, aged 51, Deputy Chief Manager, joined the CK Group in July 1995. She has over 26 years of experience in design, promotion, market research and property sales. She holds a Bachelor of Commerce degree in Marketing and Finance.

Tsui Man Wai, Fanny, aged 41, Senior Promotion Manager, joined the CK Group in March 2006. She has over 17 years of experience in promotion and production management. She holds a Bachelor of Social Science degree with Honours in China Studies (History).

Development Department

Chan Ho Kei, Kevin, aged 47, Senior Project Manager, joined the CK Group in June 2003. He has over 21 years of experience in project management. He holds a Bachelor of Arts degree with Honours in Architectural Studies and a Master's degree in Architecture. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region and a member of The Hong Kong Institute of Architects.

Chan Hon Shing, aged 58, Senior Project Manager, joined the CK Group in December 1995. He has over 33 years of experience in architectural profession and project management. He holds a Bachelor of Arts degree with Honours in Architectural Studies and a Bachelor of Architecture degree. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region and a member of The Hong Kong Institute of Architects.

KEY PERSONNEL'S BIOGRAPHICAL INFORMATION (CONTINUED)

Chan Kwok Keung, Dennis, aged 52, Senior Project Manager, joined the CK Group in May 1997. He has over 26 years of experience in project management. He holds a Bachelor of Arts degree with Honours in Architecture, a Master's degree in Architecture, and a Master's degree in Business Administration in Digital Technologies Management. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region, a member of The Hong Kong Institute of Architects, and a member of The Chartered Institute of Arbitrators.

Leung Chung Ping, Louis, aged 52, Senior Project Manager, joined the CK Group in November 2003. He is a Director of Property Enterprises Development (Singapore) Pte Limited. He has over 24 years of experience in project management. He holds a Bachelor of Science degree with Honours in Architecture and a Master's degree in Architecture. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region and a member of The Hong Kong Institute of Architects.

Lo Kin Yip, Terence, aged 56, Senior Project Manager, joined the CK Group in January 1999. He has over 30 years of experience in project management. He holds a Bachelor of Arts degree with Honours in Architectural Studies and a Bachelor of Architecture degree. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region, a member of The Royal Institute of British Architects and The Hong Kong Institute of Architects and an associate member of The Chartered Institute of Arbitrators.

Pun Wing Chiu, Anthony, aged 56, Senior Project Manager, Structural, joined the CK Group in September 1999. He has over 32 years of experience in project/structural engineering management. He holds a Bachelor of Science degree with Honours in Civil Engineering. He is a Chartered Engineer, a Registered Professional Engineer, a Registered Structural Engineer, a member of The Hong Kong Institution of Engineers and a member of The Institution of Structural Engineers.

Lam Pui Yu, Eric, aged 47, Project Manager, joined the CK Group in November 2004. He has over 21 years of experience in project management. He holds a Bachelor of Arts degree with Honours in Architectural Studies and a Master's degree in Architecture. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region and a member of The Hong Kong Institute of Architects.

Directors' Office

Lee Sheung Pui, Benjiman, aged 32, Manager, joined the Group in May 2017. He has over 9 years of experience in financial management, auditing and investment. He holds a Bachelor of Commerce and Administration degree with Honours and Master of Science degree in Accounting and Finance. He is a Chartered Financial Analyst, a member of The CFA Institute and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

E & M Department

Lo Kin Hing, Isaac, aged 58, Senior Manager, joined the CK Group in April 2003. He has over 33 years of experience in electrical & mechanical engineering. He holds a Master of Science degree in Construction Project Management. He is a Chartered Engineer, a Registered Professional Engineer, a fellow of The Chartered Institution of Building Services Engineers (UK), a fellow of The Institute of Engineering and Technology and a fellow of The Hong Kong Institution of Engineers.

Lau Man Bun, Barry, aged 52, Deputy Senior Manager, joined the CK Group in July 2003. He has over 28 years of experience in electrical & mechanical engineering. He holds a Bachelor of Engineering degree with Honours in Building Services Engineering and a Master of Science degree in Environmental Management. He is a Chartered Engineer, a Registered Professional Engineer, a member of The Chartered Institution of Building Services Engineers (UK) and a member of The Hong Kong Institution of Engineers.

Cheung Sau Hing, Belinda, aged 55, Manager, joined the CK Group in October 1999. She has over 32 years of experience in electrical & mechanical engineering. She holds a Higher Diploma in Building Services Engineering. She is a Chartered Engineer, a member of The Chartered Institution of Building Services Engineers (UK) and a member of The Hong Kong Institution of Engineers.

Human Resources Department

Yip Kim Wing, Kim, aged 56, Senior Manager, joined the CK Group in November 2003. He has over 30 years of experience in human resources and administration management. He holds a Bachelor's degree in Business Administration and a Postgraduate Diploma in Corporate Administration.

Tsang Chi Lun, Alan, aged 51, Senior Manager, joined the CK Group in April 2002. He has over 27 years of experience in human resources management. He holds a Bachelor of Arts degree with Honours in Hospitality Management and a Master's degree in Business Administration. He is a professional member of The Hong Kong Institute of Human Resource Management.

Information Technology Department

Lum Man Fai, Brian, aged 52, Deputy Chief Manager, joined the CK Group in August 2000. He has over 29 years of experience in information technology and telecommunication. He holds a Bachelor of Science degree with Honours in Electronics and a Master's degree in Business Administration.

Yung Wing Hung, Nelson, aged 49, Senior Manager, System Development, joined the CK Group in November 1994. He has over 25 years of experience in information technology management. He holds a Bachelor of Science degree with Honours in Computer Science and a Master of Finance degree. He is a member of The Hong Kong Computer Society, a Certified Information Systems Auditor of Information Systems Audit & Control Association and a Project Management Professional of Project Management Institute.

Lau Yau Keung, Sam, aged 54, Manager, Networking & Operations, joined the CK Group in July 2005. He has over 28 years of experience in information technology management and network operations. He holds a Bachelor of Science degree with Honours in Mathematics Science and a Bachelor of Science degree with Honours in Computing and Information Systems. He is a member of The Hong Kong Computer Society.

Leung Chun Wai, aged 50, Manager, System Development, joined the Group in July 2016. He has over 24 years of experience in information technology management. He holds a Bachelor of Arts degree with Honours in Computing Studies.

Internal Audit Department

Lee King Yuen, Albert, aged 64, Senior Manager, joined the CK Group in November 1987. He has over 42 years of experience in auditing. He holds a Bachelor of Science degree in Business Administration. He is a fellow member of The Association of Chartered Certified Accountants and a fellow of the Hong Kong Institute of Certified Public Accountants.

Tse Chun Wai, Richard, aged 53, Senior Manager, joined the CK Group in January 2009. He is the Internal Audit Manager of Hui Xian Asset Management Limited. He has over 28 years of experience in auditing. He holds a Master's degree in Business Administration, a Master of Science degree in Information Systems Management, a Master of Science degree in Investment Management, a Master of Laws degree in Common Law and a Juris Doctor degree. He is a fellow member of The Association of Chartered Certified Accountants, an associate member of The Chartered Institute of Management Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

Chan Mui Wah, Magdalene, aged 56, Manager, joined the Group in July 2018. She has over 30 years of experience in auditing. She holds a Bachelor of Commerce degree and a Master of Commerce degree. She is a Certified Practising Accountant of CPA Australia and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

Chau Wai Keung, Allen, aged 65, Manager, joined the CK Group in November 1994. He has over 40 years of experience in auditing. He holds a Bachelor of Business Administration degree and a Master's degree in Business Administration.

Chu Kai Wah, Richard, aged 57, Manager, joined the CK Group in August 1995. He has over 31 years of experience in auditing. He holds a Professional Diploma in Accountancy and a Master of Business degree in Electronic Commerce. He is a fellow member of The Association of Chartered Certified Accountants, an associate member of The Institute of Chartered Accountants in England and Wales and a fellow of the Hong Kong Institute of Certified Public Accountants.

Ha Hon Man, Edmond, aged 44, Manager, joined the CK Group in September 2004. He has over 21 years of experience in auditing. He holds a Bachelor of Economics, a Master of Science degree in Business Economics and a Master of Professional Accounting degree. He is a Certified Internal Auditor of The Institute of Internal Auditors, a fellow member of The Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

Leasing Department

Wong See Hang, Resina, aged 56, Deputy Chief Manager, Leasing, joined the CK Group in June 1990. She is a Director of Cheung Kong Real Estate Limited and E-Park Parking Management Limited. She has over 33 years of experience in property leasing. She holds a Bachelor of Arts degree with Honours in History and a Master of Science degree in Facilities Management.

Lee Po Chu, Eileen, aged 59, Assistant Chief Manager, Leasing, joined the CK Group in October 2003. She has over 38 years of experience in property leasing. She holds a Diploma in Business.

Wong Ling Fei, Mable, aged 57, Assistant Chief Manager, Leasing, joined the CK Group in September 2002. She has over 31 years of experience in property leasing.

Fung Kam Sun, Kam, aged 59, Senior Leasing Manager, joined the CK Group in June 2007. He has over 33 years of experience in property leasing. He holds a Bachelor of Arts degree in Business Administration and a Master's degree of Housing Management. He is a Registered Professional Housing Manager, a member of The Chartered Institute of Marketing, a chartered member of Chartered Institute of Housing, a member of The Hong Kong Institute of Housing and an ordinary member of Hong Kong Institute of Real Estate Administrators.

Ng Kwok Leung, Christopher, aged 58, Senior Manager, E-Park, joined the CK Group in October 2007. He has over 26 years of experience in car park management. He holds a Bachelor of Science degree with Honours in Engineering and a Postgraduate Diploma in Business Administration.

Chan Chun Kwok, Boris, aged 47, Leasing Manager, joined the CK Group in March 2007. He has over 24 years of experience in property leasing. He holds a Bachelor of Business Administration degree with Honours in Finance and a Postgraduate Diploma in Surveying (Real Estate Development). He is an associate member of Hong Kong Institute of Real Estate Administrators and a senior professional member of The Hong Kong Institute of Real Estate.

Cheung, Tina, aged 42, Leasing Manager, joined the CK Group in July 2005. She has over 22 years of experience in property management and property leasing. She holds a Bachelor of Social Science degree and a Professional Diploma in Housing Management. She is a Registered Professional Housing Manager, a member of The Hong Kong Institute of Housing and a professional member of the Royal Institution of Chartered Surveyors.

Cho Kau Ming, Iris, aged 51, Leasing Manager, joined the CK Group in May 1995. She has extensive experience in property sales. She holds a Bachelor of Science degree in Business Administration.

Deng Chi Yung, Jonathan, aged 49, Leasing Manager, joined the CK Group in April 2008. He has over 23 years of experience in property leasing. He holds a Bachelor of Business degree in Property and a Master's degree in Business Administration. He is an associate member of Australian Property Institute and a member of The Hong Kong Institute of Surveyors.

KEY PERSONNEL'S BIOGRAPHICAL INFORMATION (CONTINUED)

Leung Ho Shan, Susana, aged 51, Leasing Manager, joined the CK Group in March 1996. She has over 30 years of experience in property leasing. She holds a Bachelor of Science degree with Honours in Estate Management and a Master's degree in Business Administration.

Tong Sik Hei, Godfrey, aged 58, Manager, Leasing Administration, joined the Group in November 2019. He has over 29 years of experience in accounting and auditing. He holds a Bachelor of Commerce degree and a Master's degree in Business Administration.

Wong On Kei, Angela, aged 50, Leasing Manager, joined the Group in July 2018. She has over 16 years of experience in property leasing. She holds a Bachelor degree in Land Economics and a Master of Science degree in Real Estate.

Legal Department

Yip Kin Ming, Emmanuel, aged 67, Member of Executive Committee & General Manager, Legal Department, joined the CK Group in July 1985. He has over 36 years of experience in the legal field. He holds a Diploma in Economics.

Wong Fung King, Amy, aged 60, Assistant Chief Manager, joined the CK Group in June 1998. She has over 34 years of experience in the legal field. She holds a Bachelor of Laws degree with Honours and a Postgraduate Certificate in Laws. She is a solicitor of the High Court of the Hong Kong Special Administrative Region.

Cheung Kam Heung, Bella, aged 51, Assistant Chief Manager, joined the CK Group in December 2002. She has over 28 years of experience in the legal field. She holds a Bachelor of Laws degree with Honours and a Postgraduate Certificate in Laws. She is a solicitor of the High Court of the Hong Kong Special Administrative Region.

Ching Mei Yee, Elisa, aged 51, Legal Manager, joined the CK Group in June 2006. She has over 28 years of experience in the legal field. She holds a Bachelor of Laws degree with Honours and a Postgraduate Certificate in Laws. She is a solicitor of the High Court of the Hong Kong Special Administrative Region.

Property Investment & Valuation Department

Chiu Siu Kam, Selene, aged 53, Assistant Chief Manager, joined the CK Group in February 1997. She has over 30 years of experience in property development & investment, land management and property valuation. She holds a Bachelor of Science degree with Honours in Estate Management and a Master's degree in Business Administration. She is a Registered Professional Surveyor and a member of The Hong Kong Institute of Surveyors.

Chan Man Wai, Anthony, aged 57, Assistant Chief Manager, joined the CK Group in January 1994. He has over 30 years of experience in property development & investment, land management and property valuation. He holds a Bachelor of Science degree with Honours in Electrical Engineering, a Master's degree in Business Administration and a Master of Science degree in Land Management. He is a Registered Professional Surveyor and a member of The Hong Kong Institute of Surveyors.

Ho Kwong Ngai, Eric, aged 56, Assistant Chief Manager, joined the CK Group in July 2005. He has over 29 years of experience in property development & investment, land management and property valuation. He holds a Bachelor of Science degree with Honours in Estate Management and a Master of Science degree in International Real Estate. He is a Registered Professional Surveyor, a professional member of the Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors.

Leung Hon Man, Alex, aged 48, Senior Manager, joined the CK Group in May 1996. He has over 25 years of experience in property development & investment, land management and property valuation. He holds a Bachelor of Social Science degree with Honours. He is a Registered Professional Surveyor, a professional member of the Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors.

Fung Sing Tak, Patrick, aged 46, Manager, joined the CK Group in January 2008. He has over 24 years of experience in property development & investment, land management and property valuation. He holds a Bachelor of Science degree with Honours in Surveying. He is a Registered Professional Surveyor and a member of The Hong Kong Institute of Surveyors.

Sales Department

Lau Kai Man, Joseph, aged 61, Deputy Chief Manager, Sales, joined the CK Group in June 1981. He is a Director of Cheung Kong Real Estate Limited, Goodwell-Fortune Property Services Limited and Goodwell-Prosperity Property Services Limited. He has over 41 years of experience in property sales.

Kwok Tze Wai, William, aged 54, Deputy Chief Manager, Sales, joined the CK Group in May 1989. He is a Director of Cheung Kong Real Estate Limited. He has over 31 years of experience in property sales. He holds a Bachelor of Science degree in Business Administration Marketing.

Wong See Chung, Francis, aged 58, Deputy Chief Manager, Sales, joined the CK Group in January 1994. He is a Director of Cheung Kong Real Estate Limited and Property Enterprises Development (Singapore) Pte Limited. He has over 24 years of experience in property sales. He holds a Master's degree in Business Administration.

Ho Ka Yan, Cannas, aged 42, Assistant Chief Manager, Sales, joined the CK Group in April 2007. She has over 20 years of experience in property sales. She holds a Bachelor of Science degree with Honours in Surveying and a Master of Science degree in Marketing. She is a professional member of the Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors.

Ng Chui Ha, Fiona, aged 56, Senior Manager, Sales Administration, joined the CK Group in December 1990. She has over 33 years of experience in sales administration. She holds a Bachelor of Arts degree in History.

Tai Mei Ling, Marinda, aged 61, Senior Manager, Customer Service, joined the CK Group in August 1985. She has over 34 years of experience in customer service.

Yeung Kwai Ling, Moni, aged 49, Senior Sales Manager, joined the CK Group in February 2013. She has over 19 years of experience in property sales. She holds a Bachelor of Arts degree with Honours, a Master of Science degree with Honours in Marketing and a Master of Science degree in Real Estate.

Nee Tak Sum, Sam, aged 48, Sales Manager, joined the CK Group in September 1995. He has over 24 years of experience in property sales. He holds a Bachelor of Social Science degree with Honours.

Sales Department – Building Management

Chua Kwok Cheung, Vincent, aged 53, Assistant Chief Manager, Building Management, joined the Group in January 2020. He has over 31 years of experience in building management. He holds a Bachelor of Arts degree with Honours in Housing Studies and a Master's degree in Business Administration. He is a Registered Professional Housing Manager, a chartered member of Chartered Institute of Housing and a member of The Hong Kong Institute of Housing.

Tse Ka Li, Gary, aged 58, Assistant Chief Manager, Building Management, joined the CK Group in September 2014. He has over 30 years of experience in building management. He holds a Bachelor of Science degree in Civil Engineering and a Bachelor of Arts degree with Honours in Housing Studies. He is a Registered Professional Housing Manager, a chartered member of Chartered Institute of Housing, a member of The Hong Kong Institute of Housing, an ordinary member of Hong Kong Institute of Real Estate Administrators and a corporate member of Building Services Operation and Maintenance Executives Society.

Wong Wo Muk, Philip, aged 60, Manager, Building Management, joined the CK Group in May 1987. He is a Director of E-Park Parking Management Limited, Goodwell-Fortune Property Services Limited and Goodwell-Prosperity Property Services Limited. He has over 37 years of experience in building management. He holds a Bachelor of Arts degree with Honours in Business Studies and a Postgraduate Diploma in Surveying (Real Estate Development).

Senior Advisor's Office

Au Siu Yin, Amy, aged 57, Manager, joined the CK Group in February 1990. She has over 35 years of experience in office and charity project management. She holds a Bachelor of Arts degree with Honours and a Master's degree in Business Administration. She is an associate member of The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute.

Yue Shuk Chun, Jennie, aged 59, Manager & Secretary to Senior Advisor, joined the CK Group in March 1993. She has over 40 years of experience in secretarial and office management. She holds a Bachelor of Social Sciences degree.

Hung Hiu King, Denise, aged 49, Manager, Secretarial Section, joined the Group in May 2016. She has over 23 years of experience in reporting, editing and external affairs. She holds a Bachelor of Social Science degree with Honours in Communication and a Master of Arts degree in Cultural Management.

Hutchison Property Group Limited

Tsui Kin Tung, Tony, aged 60, Deputy Managing Director, Hutchison Property Group Limited, joined the CK Group in June 1990. He has over 30 years of experience in property sales and leasing in Hong Kong, the PRC and the United Kingdom. He is a Registered Professional Surveyor, a professional member of the Royal Institution of Chartered Surveyors and a member of The Hong Kong Institute of Surveyors.

Tam, Raymond, aged 66, Director – Finance, Hutchison Property Group Limited, joined the CK Group in May 1982. He has over 40 years of experience in accounting, auditing and finance in Hong Kong, the PRC and overseas. He holds a Master's degree in Business Administration. He is a fellow member of The Association of Chartered Certified Accountants, a fellow of the Hong Kong Institute of Certified Public Accountants, a fellow member of The Taxation Institute of Hong Kong and a fellow member of Institute of Chartered Accountants in England & Wales.

Tsui Ching Sang, Stephen, aged 59, Director – Projects, Hutchison Property Group Limited, joined the CK Group in April 1990. He has over 30 years of experience in project management and architectural design for various developments in Hong Kong, the PRC and the United Kingdom. He holds a Bachelor of Arts degree in Architectural Studies and a Bachelor's degree in Architecture. He is a Registered Architect, an Authorized Person (List of Architects) of the Hong Kong Special Administrative Region and a member of The Hong Kong Institute of Architects.

Tam Kin Yuk, Jason, aged 49, Director – Marketing and Director – Corporate Business Development, Hutchison Property Group Limited, joined the CK Group in August 2000. He has over 25 years of experience in property sales and leasing in the PRC. He holds a Bachelor of Science degree in Surveying. He is a professional member of the Royal Institution of Chartered Surveyors.

Chan Ching Man, Janice, aged 59, Director – Cost Control, Hutchison Property Group Limited, joined the CK Group in December 1994. She has over 30 years of experience in contract management and quantity surveying in Hong Kong, the PRC and the United Kingdom. She holds a Master's degree in Construction Project Management. She is a Registered Professional Surveyor, a fellow member of the Royal Institution of Chartered Surveyors and a fellow member of The Hong Kong Institute of Surveyors.

Mak Kin Wo, Kenneth, aged 54, Director – Projects, Hutchison Property Group Limited, joined the CK Group in October 2004. He has over 30 years of experience in project management and architectural design for various developments in Hong Kong and the PRC. He holds a Bachelor's degree in Architecture. He is a Registered Architect and a member of The Hong Kong Institute of Architects.

Harbour Plaza Hotel Management Limited

Koh Poh Chan, aged 71, Finance Director of Harbour Plaza Hotel Management Limited, joined the CK Group in January 1991. She is also an Executive Committee Member of CK Asset Holdings Limited and a Director of Harbour Plaza Hotel Management Limited and Husky Energy Inc. She has over 39 years of experience in accounting, auditing, tax and finance. She graduated from the London School of Accountancy. She is also a fellow member of The Institute of Chartered Accountants in England and Wales, an associate member of the Canadian Institute of Chartered Accountants as well as of the Chartered Institute of Taxation in the United Kingdom.

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting to shareholders their report together with the audited financial statements of the Group for the year ended 31 December 2019.

Principal Activities

The Group has diverse capabilities with activities encompassing property development and investment, hotel and serviced suite operation, property and project management, aircraft leasing, pub operation and investment in infrastructure and utility asset operation.

Business Review

A fair review of the Group's business, an indication of likely future development in the Group's business and an analysis using financial key performance indicators are provided in the Chairman's Statement and the Management Discussion and Analysis respectively from pages 10 to 14 and pages 15 to 27 of this Annual Report. A description of the principal risks and uncertainties facing the Group are set out in the Risk Factors on pages 200 to 211 of this Annual Report. In addition, particulars of important events affecting the Group that have occurred since the end of the year 2019, if any, are set out in the Chairman's Statement from pages 10 to 14 of this Annual Report. A discussion on the Group's environmental policies and performance and an account of the Group's key relationships with its stakeholders are included in the Environmental, Social and Governance Report from pages 89 to 115 of this Annual Report. The above discussions form part of this Report of the Directors.

In connection with the Group's property business in Hong Kong, the Residential Properties (First-hand Sales) Ordinance regulates the sales of first-hand uncompleted and completed residential properties and sets out detailed requirements in relation to, among other things, sales brochures, price lists, show flats, viewing of properties in completed developments, disclosures of transaction information, sales arrangements, the mandatory provision for the preliminary agreement for sale and purchase and agreement for sale and purchase for the sales of first-hand residential properties, advertisements and promotional materials. The Group strives to and has taken special care and all necessary steps and reasonable precautions and exercised all due diligence to comply with the said Ordinance including developing internal compliance procedures, familiarising its employees with the specific requirements of the said Ordinance by internal seminars and issuing internal memoranda with updates of the requirements of the said Ordinance and seeking external professional advice to ensure, among other things, accuracy of information made available to public so that transparency and consumer protection of sales of first-hand residential properties can be enhanced.

In connection with the Group's property business on the Mainland, save as the compliance matters as disclosed in the listing document of the Company dated 8 May 2015 where measures have been undertaken to closely monitor the status and remedial action where appropriate to the circumstances have been in progress, the Group has complied with all applicable laws and regulations, including the Law of the Administration of Urban Real Estate, Property Rights Law, Law of Urban and Rural Planning and Civil Air Defence Law, and will seek legal and/or technical advice from external professional consultants, wherever required, to ensure compliance.

In connection with the Group's hotel and serviced suite operation in Hong Kong, the Group ensures its compliance with the Hotel and Guesthouse Accommodation Ordinance, the Public Health and Municipal Services Ordinance, the Food Business Regulations and the Dutiable Commodities (Liquor) Regulations and the Group has maintained requisite licences such as hotel and guesthouse licence, hotel television (transmission) licence, restaurant and liquor licence and water pollution control licence from the relevant regulatory bodies if required for its operations.

The Group is committed to the compliance with the Competition Ordinance and has established internal compliance policies and implemented compliance programme to educate its employees so as to ensure that its business practices are compliant with the relevant laws from time to time.

Results and Dividends

Results of the Group for the year ended 31 December 2019 are set out in the consolidated income statement on page 146.

The Directors recommend the payment of a final dividend of HK\$1.58 per share which, together with the interim dividend of HK\$0.52 per share paid on 12 September 2019, makes a total dividend of HK\$2.10 per share for the year.

Group Financial Summary

Results, assets and liabilities of the Group for the last five years are summarised on page 2.

Directors

The Directors of the Company in office at the date of this Annual Report are listed on page 212. The Directors' biographical information is set out on pages 28 to 30.

In accordance with the Company's Amended and Restated Articles of Association, the Directors of the Company (including Independent Non-executive Directors) shall be subject to retirement by rotation at each annual general meeting. Mr. Victor T K Li, Mr. Chiu Kwok Hung, Justin, Mr. Cheong Ying Chew, Henry, Ms. Hung Siu-lin, Katherine and Mr. Colin Stevens Russel will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Each of the Independent Non-executive Directors had made an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). The Company considered that all Independent Non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

Arrangement to Purchase Shares or Debentures

At no time during the year was the Company or its subsidiary a party to any arrangements which enabled any Director to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate.

REPORT OF THE DIRECTORS (CONTINUED)

Directors' Interests in Transactions, Arrangements or Contracts

Save for otherwise disclosed under the section headed "Continuing Connected Transactions and Connected Transactions", there were no other transactions, arrangements or contracts of significance in relation to the businesses of the Company and its subsidiaries to which the Company or any of its subsidiary was a party and in which a Director of the Company or his/her connected entity had a material interest, whether directly or indirectly, subsisted at any time during the year 2019 and as at the date of this Annual Report.

Directors' Service Contracts

None of the Directors of the Company has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Permitted Indemnity Provision

The Amended and Restated Articles of Association of the Company provides that every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his/her favour, or in which he/she is acquitted. A Directors Liability Insurance is in place to protect the Directors against potential costs and liabilities arising from claims brought against the Directors.

Disclosure of Interests

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2019, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company ("Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

Long Positions in Shares

(a) The Company

Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
		Personal Interest	Family Interest	Corporate Interest	Other Interest		
Li Tzar Kuoi, Victor	Beneficial owner, interest of child or spouse, interest of controlled corporations & beneficiary of trusts	220,000	405,200	95,061,850 (Note 1)	1,160,195,710 (Note 2)	1,255,882,760	34.00%
Kam Hing Lam	Beneficial owner & interest of child or spouse	51,040	57,360	-	-	108,400	0.0029%
Chow Nin Mow, Albert	Beneficial owner	66	-	-	-	66	≈ 0%
Hung Siu-lin, Katherine	Beneficial owner	43,256	-	-	-	43,256	0.0012%
Donald Jeffrey Roberts	Beneficial owner	167,396	-	-	-	167,396	0.0045%

(b) Associated Corporations

Name of Company	Name of Director	Capacity	Number of Ordinary Shares				Total	Approximate % of Shareholding
			Personal Interest	Family Interest	Corporate Interest	Other Interest		
Precise Result Global Limited	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	15 (Note 3)	15	15%
Jabrin Limited	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	2,000 (Note 3)	2,000	20%
Mightycity Company Limited	Li Tzar Kuoi, Victor	Beneficiary of trusts	-	-	-	168,375 (Note 3)	168,375	1.53%

Notes:

- (1) The 95,061,850 shares of the Company comprise:
 - (a) 35,728,850 shares held by certain companies of which Mr. Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.
 - (b) 39,113,000 shares held by Li Ka Shing Foundation Limited ("LKSF"). By virtue of the terms of the constituent documents of LKSF, Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSF.

REPORT OF THE DIRECTORS (CONTINUED)

- (c) 20,220,000 shares held by a wholly-owned subsidiary of Li Ka Shing (Global) Foundation (“LKSGF”, formerly known as Li Ka Shing (Overseas) Foundation). By virtue of the terms of the constituent documents of LKSGF, Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSGF.
- (2) The 1,160,195,710 shares of the Company comprise:
- (a) 1,003,380,744 shares of the Company held by Li Ka-Shing Unity Trustee Company Limited (“TUT1”) as trustee of The Li Ka-Shing Unity Trust (“UT1”) and its related companies in which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings (“TUT1 related companies”). Mr. Li Ka-shing is the settlor of each of The Li Ka-Shing Unity Discretionary Trust (“DT1”) and another discretionary trust (“DT2”). Each of Li Ka-Shing Unity Trustee Corporation Limited (“TDT1”, which is the trustee of DT1) and Li Ka-Shing Unity Trustcorp Limited (“TDT2”, which is the trustee of DT2) holds units in UT1 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT1 and DT2 are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard.

The entire issued share capital of TUT1, TDT1 and TDT2 are owned by Li Ka-Shing Unity Holdings Limited (“Unity Holdco”). Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are respectively interested in one-third and two-thirds of the entire issued share capital of Unity Holdco. TUT1 is only interested in the shares of the Company by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of the Company independently without any reference to Unity Holdco or any of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor as a holder of the shares of Unity Holdco as aforesaid.

As Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT1 and DT2, and by virtue of the above, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said shares of the Company held by TUT1 as trustee of UT1 and TUT1 related companies under the SFO as a Director of the Company.

- (b) 72,387,720 shares of the Company held by Li Ka-Shing Castle Trustee Company Limited (“TUT3”) as trustee of The Li Ka-Shing Castle Trust (“UT3”) and its related companies in which TUT3 as trustee of UT3 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings (“TUT3 related companies”). Mr. Li Ka-shing is the settlor of each of the two discretionary trusts (“DT3” and “DT4”). Each of Li Ka-Shing Castle Trustee Corporation Limited (“TDT3”, which is the trustee of DT3) and Li Ka-Shing Castle Trustcorp Limited (“TDT4”, which is the trustee of DT4) holds units in UT3 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT3 and DT4 are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard.

The entire issued share capital of TUT3, TDT3 and TDT4 are owned by Li Ka-Shing Castle Holdings Limited (“Castle Holdco”). Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are respectively interested in one-third and two-thirds of the entire issued share capital of Castle Holdco. TUT3 is only interested in the shares of the Company by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of the Company independently without any reference to Castle Holdco or any of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor as a holder of the shares of Castle Holdco as aforesaid.

As Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT3 and DT4, and by virtue of the above, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said shares of the Company held by TUT3 as trustee of UT3 and TUT3 related companies under the SFO as a Director of the Company.

- (c) 84,427,246 shares of the Company held by a company controlled by TDT3 as trustee of DT3.
- (3) These companies are subsidiaries of the Company and such shares are held through TUT1 as trustee of UT1. By virtue of Mr. Li Tzar Kuoi, Victor's deemed interests as described in Note (2)(a) above, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to such shares under the SFO as a Director of the Company.

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 31 December 2019, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Interests and Short Positions of Shareholders

So far as is known to any Director or chief executive of the Company, as at 31 December 2019, shareholders of the Company (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

1. Long Positions of Substantial Shareholders in the Shares of the Company

Name of Shareholder	Capacity	Number of Ordinary Shares	Total	Approximate % of Shareholding
Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust	Trustee	1,003,380,744	1,003,380,744 (Note 1)	27.16% (Note 5)
Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust	Trustee & beneficiary of a trust	1,003,380,744	1,003,380,744 (Note 1)	27.16% (Note 5)
Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust	Trustee & beneficiary of a trust	1,003,380,744	1,003,380,744 (Note 1)	27.16% (Note 5)
Li Ka-shing	(i) Interest of controlled corporations) (ii) Founder of discretionary trusts	93,197,300) 1,160,195,710)	1,253,393,010 (Note 2)	33.93% (Note 5)

REPORT OF THE DIRECTORS (CONTINUED)

2. (a) Long Positions of Other Persons in the Shares and Underlying Shares of the Company

Name of Shareholder	Capacity	Number of Shares/ Underlying Shares	Total	Approximate % of Shareholding
BlackRock, Inc.	Interest of controlled corporations	226,025,652	226,025,652 (Note 3)	6.12% (Note 5)

(b) Short Positions of Other Persons in the Shares and Underlying Shares of the Company

Name of Shareholder	Capacity	Number of Shares/ Underlying Shares	Total	Approximate % of Shareholding
BlackRock, Inc.	Interest of controlled corporations	798,500	798,500 (Note 4)	0.02% (Note 5)

Notes:

- (1) The three references to 1,003,380,744 shares relate to the same block of shares in the Company. Of these 1,003,380,744 shares of the Company, 913,378,704 shares of the Company are held by TUT1 as trustee of UT1 and 90,002,040 shares of the Company are held by companies controlled by TUT1 as trustee of UT1. Each of TUT1 as trustee of UT1, TDT1 as trustee of DT1 and TDT2 as trustee of another discretionary trust is taken to have a duty of disclosure under the SFO in relation to the same 1,003,380,744 shares of the Company as described in Note (2)(a) under the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above.
- (2) The 1,253,393,010 shares of the Company comprise:
- (a) 93,197,300 shares of the Company of which:
- (i) 33,864,300 shares held by certain companies of which Mr. Li Ka-shing are entitled to exercise or control the exercise of one-third or more of the voting power at the general meetings.
 - (ii) 39,113,000 shares held by LKSF. By virtue of the terms of the constituent documents of LKSF, Mr. Li Ka-shing may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSF.
 - (iii) 20,220,000 shares held by a wholly-owned subsidiary of LKSGF. By virtue of the terms of the constituent documents of LKSGF, Mr. Li Ka-shing may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSGF.
- (b) 1,160,195,710 shares of the Company as described in Note (2) under the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above. As Mr. Li Ka-shing may be regarded as a founder of each of DT1, DT2, DT3 and DT4 for the purpose of the SFO, Mr. Li Ka-shing is taken to have a duty of disclosure under the SFO as a substantial shareholder in relation to the same 1,160,195,710 shares of the Company after his retirement from the directorship of the Company.

- (3) Such long position includes derivatives interests in 1,350,500 underlying shares of the Company derived from unlisted and cash settled derivatives.
- (4) Such short position includes derivative interests in 50,500 underlying shares of the Company derived from unlisted and cash settled derivatives.
- (5) The approximate percentages of shareholding were based on the issued share capital of the Company as at 31 December 2019 (i.e. 3,693,400,500 shares).

Save as disclosed above, as at 31 December 2019, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Continuing Connected Transactions and Connected Transactions

Each of CK Hutchison Holdings Limited (“CK Hutchison”, together with its subsidiaries, “CK Hutchison Group”) and the Company has been deemed by the Stock Exchange to be a connected person of the other after completion of the listing of the ordinary shares in the share capital of the Company by way of introduction (the “Listing”) on 3 June 2015. Accordingly, transactions entered into between members of the Group and members of the CK Hutchison Group following the Listing would constitute connected transactions of the Company under the Listing Rules.

1. Continuing Connected Transactions

The following transactions constituted continuing connected transactions of the Company (“Continuing Connected Transactions”) under the Listing Rules during the financial year ended 31 December 2019:

(a) Leasing and licensing of premises by the Group to the CK Hutchison Group

On 15 December 2017, the Company entered into a new agreement with CK Hutchison to set out the framework terms governing the leasing transactions between the Group and the CK Hutchison Group (the “Leasing Transactions”) to be entered into for the period from 1 January 2018 to 31 December 2020 (the “Term”) (the “New Master Leasing Agreement”). Pursuant to the New Master Leasing Agreement, the Company agrees to lease or license or to procure its subsidiaries to lease or license the premises owned by the Group (including office space, car parks and building areas but excluding hotel premises) to members of the CK Hutchison Group as and when reasonably requested by members of the CK Hutchison Group from time to time during the Term, at a rental or licence fee to be negotiated on a case-by-case and an arm’s length basis, and shall be on normal commercial terms.

REPORT OF THE DIRECTORS (CONTINUED)

The aggregate rental or licence fees of the Leasing Transactions are subject to the annual caps of HK\$770 million, HK\$891 million and HK\$937 million for the years ended 31 December 2018 and 31 December 2019, and for the year ending 31 December 2020 respectively. During the year ended 31 December 2019, HK\$725 million has been paid/payable by the CK Hutchison Group to the Group for the Leasing Transactions.

(b) Purchases of goods and services by the Group from the CK Hutchison Group for use in connection with the Group's property development projects

On 15 December 2017, the Company entered into a new agreement with CK Hutchison to set out the framework terms governing the purchases of goods and services (the "Project Related Supplies") by the Group from the CK Hutchison Group for use in connection with the Group's property development projects (the "Project Related Supplies Transactions") to be entered into for the Term (the "New Master Purchase Agreement"). Pursuant to the New Master Purchase Agreement, CK Hutchison agrees to provide, or to procure its subsidiaries to provide, the Project Related Supplies to members of the Group as and when reasonably requested by the members of the Group from time to time during the Term, at a fee or charge to be negotiated on a case-by-case and an arm's length basis, and shall be on normal commercial terms.

The aggregate fees and charges of the Project Related Supplies Transactions are subject to the annual caps of HK\$154 million, HK\$154 million and HK\$190 million for the years ended 31 December 2018 and 31 December 2019, and for the year ending 31 December 2020 respectively. During the year ended 31 December 2019, HK\$25 million has been paid/payable by the Group to the CK Hutchison Group for the Project Related Supplies Transactions.

As each of Mr. Li Ka-shing, the then Chairman of the Board of Directors of the Company, and Mr. Victor T K Li had or might be regarded as having a material interest in the Continuing Connected Transactions, each of them voluntarily abstained from voting on the board resolutions of the Company approving the Continuing Connected Transactions. An announcement in respect of the above Continuing Connected Transactions was published on 15 December 2017 in accordance with the Listing Rules.

The Continuing Connected Transactions have been reviewed by the Independent Non-executive Directors. The Independent Non-executive Directors have confirmed that for the year 2019 the Continuing Connected Transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Company has engaged the auditor of the Company to report the Continuing Connected Transactions of the Group in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has reported to the Board of Directors of the Company and confirmed that for the year 2019 nothing has come to their attention that causes them to believe that the Continuing Connected Transactions

(i) have not been approved by the Board of Directors of the Company; (ii) were not, in all material respects, in accordance with the pricing policies of the Group for transactions involving the provision of goods or services by the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and (iv) have exceeded the annual caps as set by the Company.

2. Connected Transactions

The following transactions constituted connected transactions of the Company under the Listing Rules during the financial year ended 31 December 2019 and up to the date of this Report:

- (a) As disclosed in 2018 Annual Report, an economic benefits agreement (“Economic Benefits Agreement”) was entered into on 31 August 2018 by Team Ace Enterprises Limited (“Team Ace”, an indirect wholly-owned subsidiary of the Company) with Henley Riches Limited (“Henley”, an indirect wholly-owned subsidiary of CK Hutchison) and CK Hutchison (as guarantor of Henley) whereby the transaction constituted a connected transaction for the Company under the Listing Rules, which was announced on 31 August 2018. On 29 March 2019, Team Ace, Henley and CK Hutchison entered into a supplemental agreement (the “Supplemental Agreement”) whereby the parties agreed to amend and restate the Economic Benefits Agreement to provide certain ancillary protections in relation to Team Ace’s interest under the Economic Benefits Agreement with effect from the date of satisfaction of the conditions set out in the Supplemental Agreement, which was announced on 29 March 2019.
- (b) On 25 November 2019 (after trading hours), AMCK Aviation Holdings Ireland Limited (“JV Co”, an aircraft leasing joint venture company which is indirectly owned by the Company, MC Aviation Partners Inc. and Li Ka Shing (Global) Foundation (“LKSGF”, formerly, known as Li Ka Shing (Overseas) Foundation) as to 50%, 40% and 10%, respectively) (as borrower) and the Company (as guarantor) entered into three separate loan facility agreements (the “Facility Agreements”) with three separate financial institutions (the “Lenders”) for total loan facilities of up to US\$550 million (the “Loan Facilities”) for five and/or three years, respectively. The Company agreed to guarantee to each Lender all of JV Co’s payment and other obligations under each Facility Agreement (the “Guarantees”). The Loan Facilities are to facilitate JV Co to finance or refinance the purchase of aircraft for the ongoing development of its business. In consideration for the Company agreeing to provide the Guarantees, on 25 November 2019, the Company and JV Co entered into three separate guarantee fee agreements (the “Guarantee Fee Agreements”), pursuant to which JV Co agreed to indemnify the Company for the full amount of any payment made by the Company under the Facility Agreements and pay to the Company a guarantee fee calculated at 0.45% per annum based on the average outstanding amount of the loan under the relevant Facility Agreement for the prior three months. The Company agreed to provide the Guarantees to the Lenders to facilitate the grant of the Loan Facilities to JV Co as this would enable JV Co to obtain commercially more favourable terms for the Loan Facilities, including but not limited to a lower cost of funding and fewer operational restrictions which would allow it to enjoy higher operational flexibility and efficiency. As LKSGF (a connected person of the Company at the listed issuer level and an associate of Mr. Li Ka-shing, the substantial shareholder of the Company under the SFO, and of Mr. Victor T K Li, a Director of the Company) holds 10% of the voting power at the general

REPORT OF THE DIRECTORS (CONTINUED)

meeting of the JV Co, JV Co is considered as a commonly held entity of the Company under Chapter 14A of the Listing Rules. Accordingly, the provision of the Guarantees by the Company in favour of each Lender and the Guarantee Fee Agreements constituted connected transactions of the Company, which were subject to the announcement and reporting requirements but not subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. An announcement in respect of these connected transactions was published on 25 November 2019.

Major Customers and Suppliers

During the year, the Group's revenue from sales of goods or rendering of services attributable to the Group's five largest customers was less than 30% and the Group's purchases attributable to the Group's five largest suppliers was less than 30%.

Directors' Interests in Competing Businesses

During the year, the interests of Directors in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group ("Competing Business") as required to be disclosed pursuant to the Listing Rules were as follows:

1. Principal Business Activities of the Group

- (1) Property development and investment
- (2) Hotel and serviced suite operation
- (3) Property and project management
- (4) Interests in Real Estate Investment Trusts
- (5) Ownership and leasing of movable assets
- (6) Investment in infrastructure and utility asset operation
- (7) Pub operation

2. Interests in Competing Business

Name of Director	Name of Company	Nature of Interest	Competing Business (Note)
Victor T K Li	CK Hutchison Holdings Limited	Chairman and Group Co-Managing Director	(5) & (6)
	CK Infrastructure Holdings Limited	Chairman	(5) & (6)
	CK Life Sciences Int'l., (Holdings) Inc.	Chairman	(1)
	HK Electric Investments and HK Electric Investments Limited	Non-executive Director and Deputy Chairman	(6)
	Husky Energy Inc.	Co-Chairman	(6)
	Power Assets Holdings Limited	Non-executive Director	(6)
Kam Hing Lam	CK Hutchison Holdings Limited	Deputy Managing Director	(5) & (6)
	CK Infrastructure Holdings Limited	Group Managing Director	(5) & (6)
	CK Life Sciences Int'l., (Holdings) Inc.	President and Chief Executive Officer	(1)
	Hui Xian Asset Management Limited	Chairman	(1), (2), (3) & (4)
Ip Tak Chuen, Edmond	ARA Asset Management Holdings Pte. Ltd.	Director	(3) & (4)
	CK Hutchison Holdings Limited	Deputy Managing Director	(5) & (6)
	CK Infrastructure Holdings Limited	Deputy Chairman	(5) & (6)
	CK Life Sciences Int'l., (Holdings) Inc.	Senior Vice President and Chief Investment Officer	(1)
	Hui Xian Asset Management Limited	Non-executive Director	(1), (2), (3) & (4)
Chiu Kwok Hung, Justin	ARA Asset Management Holdings Pte. Ltd.	Director	(3) & (4)
	ARA Asset Management (Fortune) Limited	Non-executive Director	(3) & (4)
	ARA Asset Management (Prosperity) Limited	Chairman	(3) & (4)
Chow Wai Kam, Raymond	AVIC International Holding (HK) Limited	Non-executive Director	(1)

Note: Such businesses may be conducted through subsidiaries, associated companies or by way of other forms of investments.

Save as disclosed above, none of the Directors is interested in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with businesses of the Group.

REPORT OF THE DIRECTORS (CONTINUED)

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's Amended and Restated Articles of Association, or the laws of Cayman Islands, which would oblige the Company to offer new shares on pro-rata basis to existing shareholders.

Purchase, Sale or Redemption of the Company's Listed Securities

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Equity-Linked Agreements

For the year ended 31 December 2019, the Company has not entered into any equity-linked agreement, and there did not subsist any equity-linked agreement entered into by the Company as at 31 December 2019.

Management Contracts

No contracts concerning to the management and administration of the whole or any substantial part of any business of the Group were entered into or existed during the year.

Sufficiency of Public Float

Based on information publicly available to the Company and within the knowledge of the Directors as at the date of this Report, the Company has maintained the prescribed public float under the Listing Rules.

Donations

During the year, the Group supported a wide variety of charitable activities of the community. Donations of approximately HK\$6 million were made by the Group to various charitable organisations.

Disclosure Under Chapter 13 of the Listing Rules

The following information is disclosed in accordance with Rule 13.22 of Chapter 13 of the Listing Rules:

As at 31 December 2019, the Group's financial assistance given to affiliated companies (as defined under Rule 13.11(2)(a) of the Listing Rules) exceeded 8% of the relevant percentage ratio under the Listing Rules. A combined statement of financial position of the affiliated companies as at 31 December 2019 is set out below:

HK\$ million	
Non-current assets	235,066
Current assets	32,587
Current liabilities	(36,418)
Non-current liabilities	(164,955)
Net assets	66,280
Share capital	20,419
Reserves	46,203
Non-controlling interests	(342)
Total equity	66,280

As at 31 December 2019, the consolidated attributable interest of the Group in these affiliated companies amounted to HK\$27,444 million.

Audit Committee

The Group's Annual Report for the year ended 31 December 2019 has been reviewed by the audit committee of the Company (the "Audit Committee"). Information on the work of Audit Committee and its composition are set out in the Code Provision C.3 of the Corporate Governance Report on pages 75 to 77.

Auditor

The consolidated financial statements for the year have been audited by Messrs. Deloitte Touche Tohmatsu who will retire and offer themselves for re-appointment at the 2020 annual general meeting.

On behalf of the Board

Victor T K Li

Chairman and Managing Director

Hong Kong, 19 March 2020

CORPORATE GOVERNANCE REPORT

The Board of Directors ("Board") and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders' value. The corporate governance principles of the Company emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders.

The Company had applied the principles and complied with all code provisions (except as stated below) and, where applicable, the recommended best practices of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the year ended 31 December 2019.

In respect of code provision A.2.1 of the CG Code, the positions of the Chairman of the Board ("Chairman") and the Managing Director are held by the same individual, namely, Mr. Victor T K Li. Although the positions of the Chairman and the Managing Director are not separately held, the Board is of the view that this is the most appropriate arrangement in the interest of the shareholders as a whole at present. All major decisions will, in accordance with current practice, be continued to be made in consultation with members of the Board and relevant board committees and key personnel of the Group after thorough discussions. The Board comprises five Independent Non-executive Directors who will continue to provide their views and comments to Mr. Victor T K Li as Chairman and Managing Director as they have done so previously. Furthermore, Mr. Li Ka-shing has been the Senior Advisor of the Company following his retirement as Chairman, and has in that capacity continued to contribute to the Group on significant matters. In accordance with code provision A.5.1 of the CG Code, the Company established its nomination committee ("Nomination Committee") on 1 January 2019 which is chaired by the Chairman of the Board. When the need to select, nominate or re-elect Directors arises, the Nomination Committee will establish a sub-committee ("Sub-Committee") comprising a majority of Independent Non-executive Directors that is chaired by the Chairman of the Board in compliance with the requirements under the Listing Rules in relation to the composition of the nomination committee to consider and if appropriate, recommend the nomination of Director to be appointed or re-elected. While the Nomination Committee comprises all Directors of the Company, this is consistent with the established approach of the Company that the full Board as a whole is responsible for reviewing the selection and appointment of Directors.

Key corporate governance principles and corporate governance practices of the Company are summarised below:

I. Code Provisions

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices																																
A.	DIRECTORS																																		
A.1	<p>The Board</p> <p><i>Corporate Governance Principle</i></p> <p><i>The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.</i></p> <p><i>The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether he is spending sufficient time performing them.</i></p>																																		
A.1.1	Regular board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of majority of directors.	C	<ul style="list-style-type: none"> The Board meets regularly and held meetings in March, May, August and November of 2019. Directors' attendance records in 2019 are as follows: <table border="1"> <thead> <tr> <th>Members of the Board</th> <th>Attendance</th> </tr> </thead> <tbody> <tr> <td colspan="2">Executive Directors</td> </tr> <tr> <td>Victor T K Li (<i>Chairman and Managing Director</i>)</td> <td>4/4</td> </tr> <tr> <td>KAM Hing Lam (<i>Deputy Managing Director</i>)</td> <td>4/4</td> </tr> <tr> <td>IP Tak Chuen, Edmond (<i>Deputy Managing Director</i>)</td> <td>4/4</td> </tr> <tr> <td>CHUNG Sun Keung, Davy</td> <td>4/4</td> </tr> <tr> <td>CHIU Kwok Hung, Justin</td> <td>4/4</td> </tr> <tr> <td>CHOW Wai Kam, Raymond</td> <td>4/4</td> </tr> <tr> <td>PAU Yee Wan, Ezra</td> <td>4/4</td> </tr> <tr> <td>WOO Chia Ching, Grace</td> <td>4/4</td> </tr> <tr> <td colspan="2">Independent Non-executive Directors</td> </tr> <tr> <td>CHEONG Ying Chew, Henry</td> <td>4/4</td> </tr> <tr> <td>CHOW Nin Mow, Albert</td> <td>4/4</td> </tr> <tr> <td>HUNG Siu-lin, Katherine</td> <td>4/4</td> </tr> <tr> <td>Colin Stevens RUSSEL</td> <td>4/4</td> </tr> <tr> <td>Donald Jeffrey ROBERTS</td> <td>4/4</td> </tr> </tbody> </table> The Directors may attend meetings in person, by phone or through means of electronic communication or by their alternate directors (if applicable) or proxies in accordance with the Company's Amended and Restated Articles of Association ("Articles"). An updated and consolidated version of the Articles (both English and Chinese versions) are available on the websites of the Company and Hong Kong Exchanges and Clearing Limited ("HKEx"). There were no significant changes in the Company's constitutional documents during the year 2019. 	Members of the Board	Attendance	Executive Directors		Victor T K Li (<i>Chairman and Managing Director</i>)	4/4	KAM Hing Lam (<i>Deputy Managing Director</i>)	4/4	IP Tak Chuen, Edmond (<i>Deputy Managing Director</i>)	4/4	CHUNG Sun Keung, Davy	4/4	CHIU Kwok Hung, Justin	4/4	CHOW Wai Kam, Raymond	4/4	PAU Yee Wan, Ezra	4/4	WOO Chia Ching, Grace	4/4	Independent Non-executive Directors		CHEONG Ying Chew, Henry	4/4	CHOW Nin Mow, Albert	4/4	HUNG Siu-lin, Katherine	4/4	Colin Stevens RUSSEL	4/4	Donald Jeffrey ROBERTS	4/4
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Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.1.2	All directors are given an opportunity to include matters in the agenda for regular board meetings.	C	<ul style="list-style-type: none"> All Directors are consulted as to whether they may wish to include any matter in the agenda before the agenda for each regular Board meeting is issued.
A.1.3	<ul style="list-style-type: none"> At least 14 days notice for regular board meetings. Reasonable notice for other board meetings. 	C C	<ul style="list-style-type: none"> Regular Board meetings in a particular year are usually scheduled towards the end of the immediately preceding year to give all Directors adequate time to plan their schedules to attend the meetings. At least 14 days formal notice would be given before each regular meeting.
A.1.4	Minutes of board meetings and meetings of board committees should be kept by a duly appointed secretary of the meeting and should be open for inspection at any reasonable time on reasonable notice by any director.	C	<ul style="list-style-type: none"> The Company Secretary prepares written resolutions or minutes and keeps records of substantive matters discussed and decisions resolved at all Board and Board Committee meetings. Board and Board Committee minutes are sent to all Directors/Board Committee members within a reasonable time after each Board and Board Committee meeting. Board and Board Committee minutes/resolutions are available for inspection by Directors/Board Committee members.
A.1.5	<ul style="list-style-type: none"> Minutes of board meetings and meetings of board committees should record in sufficient detail the matters considered and decisions reached. Draft and final versions of minutes for all directors to comment and to keep records within a reasonable time after the board meeting. 	C C	<ul style="list-style-type: none"> Minutes record in sufficient detail the matters considered by the Board/Board Committees and decisions reached. Directors are given an opportunity to comment on draft Board minutes. Final version of Board minutes is placed on record within a reasonable time after the Board meeting.
A.1.6	<ul style="list-style-type: none"> A procedure agreed by the board to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the company's expense. The board should resolve to provide separate independent professional advice to directors to assist them perform their duties to the company. 	C C	<ul style="list-style-type: none"> Directors have been advised that the Company Secretary can arrange independent professional advice at the expense of the Company should such advice be considered necessary by any Director.
A.1.7	<ul style="list-style-type: none"> If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution. Independent non-executive directors who, and whose close associates, have no material interest in the transaction should be present at that board meeting. 	C C	<ul style="list-style-type: none"> Important matters are usually dealt with by way of written resolutions so that all Directors (including Independent Non-executive Directors) can note and comment, as appropriate, the matters before approval is granted. Director must declare his/her interest in the matters to be passed in the resolution, if applicable. If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with in accordance with applicable rules and regulations and, if appropriate, an independent Board Committee will be set up to deal with the matter.
A.1.8	Arrange appropriate insurance cover in respect of legal action against the directors.	C	<ul style="list-style-type: none"> The Company has arranged appropriate Directors and Officers liability insurance coverage for its Directors and officers since 3 June 2015 including the year 2019/2020.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices																		
A.2	Chairman and Chief Executive <i>Corporate Governance Principle</i> <i>There should be a clear division of responsibilities between the Chairman and the Managing Director of the Company to ensure a balance of power and authority.</i>																				
A.2.1	<ul style="list-style-type: none"> – Separate roles of chairman and chief executive not to be performed by the same individual. – Division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. 	<p>E</p> <p>E</p>	<ul style="list-style-type: none"> • During the year, the positions of Chairman and Managing Director are held by the same individual, namely, Mr. Victor T K Li. <p>Although the positions of Chairman and Managing Director are not separately held, the Board is of the view that this is the most appropriate arrangement in the interest of the shareholders as a whole at present.</p> <p>All major decisions will, in accordance with current practice, be continued to be made in consultation with members of the Board and relevant board committees and key personnel of the Group after thorough discussions.</p> <p>The Board comprises five Independent Non-executive Directors who will continue to provide their views and comments to Mr. Victor T K Li as Chairman and Managing Director as they have done so previously.</p> <p>Furthermore, Mr. Li Ka-shing has been the Senior Advisor of the Company following his retirement as Chairman, and has in that capacity continued to contribute to the Group on significant matters.</p> <ul style="list-style-type: none"> • Mr. Victor T K Li, the Chairman and Managing Director, determined the broad strategic direction of the Group in consultation with the Board. He was responsible for the high-level oversight of management, and the strategic planning of different business functions and day-to-day management and operation of the Group with the support of the Executive Directors. 																		
A.2.2	The chairman should ensure that all directors are properly briefed on issues arising at board meetings.	C	<ul style="list-style-type: none"> • With the support of the Executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information on a timely basis. • In addition to regular Board meetings, the Chairman met with the Independent Non-executive Directors without the presence of other Directors in May and November of 2019. Attendance record of the meetings are as follows: <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: right;">Attendance</th> </tr> </thead> <tbody> <tr> <td colspan="2">Chairman</td> </tr> <tr> <td>Victor T K Li</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td colspan="2">Independent Non-executive Directors</td> </tr> <tr> <td>CHEONG Ying Chew, Henry</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>CHOW Nin Mow, Albert</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>HUNG Siu-lin, Katherine</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>Colin Stevens RUSSEL</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>Donald Jeffrey ROBERTS</td> <td style="text-align: right;">2/2</td> </tr> </tbody> </table>	Attendance		Chairman		Victor T K Li	2/2	Independent Non-executive Directors		CHEONG Ying Chew, Henry	2/2	CHOW Nin Mow, Albert	2/2	HUNG Siu-lin, Katherine	2/2	Colin Stevens RUSSEL	2/2	Donald Jeffrey ROBERTS	2/2
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A.2.3	The chairman should be responsible for ensuring that directors receive, in a timely manner, adequate information which must be accurate, clear, complete and reliable.	C	<ul style="list-style-type: none"> • The Board papers including supporting analysis and related background information are normally sent to the Directors at least three days before Board meetings. • Communications between Independent Non-executive Directors on the one hand, and the Company Secretary as co-ordinator for the other business units of the Group on the other, is a dynamic and interactive process to ensure that queries raised and clarification sought by the Directors are dealt with and further supporting information and/or documentation is provided as appropriate. 																		

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.2.4	<ul style="list-style-type: none"> – The chairman should provide leadership for the board. – The chairman should ensure that the board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner. – The chairman should be primarily responsible for drawing up and approving the agenda for each board meeting. He should take into account, where appropriate, any matters proposed by the other directors for inclusion in the agenda. The chairman may delegate this responsibility to a designated director or the company secretary. 	<p>C</p> <p>C</p> <p>C</p>	<ul style="list-style-type: none"> • The Chairman is an Executive Director who is responsible for the leadership and effective running of the Board. • The Chairman determines the broad strategic direction of the Group in consultation with the Board and is responsible for the high-level oversight of management. • The Board meets regularly and held meetings in March, May, August and November of 2019. • With the support of the Executive Directors and the Company Secretary, the Chairman ensures that all Directors are properly briefed on all key and appropriate issues on a timely manner. • The Company Secretary assists the Chairman in preparing the agenda for each Board meeting and ensures that, where applicable, matters proposed by other Directors are included in the agenda; and that all applicable rules and regulations are followed.
A.2.5	The chairman should take primary responsibility for ensuring that good corporate governance practices and procedures are established.	C	<ul style="list-style-type: none"> • The Board as a whole and the management of the Company are committed to the maintenance of good corporate governance practices and procedures.
A.2.6	<ul style="list-style-type: none"> – The chairman should encourage all directors to make a full and active contribution to the board's affairs and take the lead to ensure that it acts in the best interests of the company. – The chairman should encourage directors with different views to voice their concerns, allow sufficient time for discussion of issues and ensure that board decisions fairly reflect board consensus. 	<p>C</p> <p>C</p>	<ul style="list-style-type: none"> • Please refer to A.2.3 and A.2.4 above for the details.
A.2.7	The chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors.	C	<ul style="list-style-type: none"> • In addition to regular Board meetings, the Chairman met with the Independent Non-executive Directors without the presence of other Directors in May and November of 2019. Please refer to A.2.2 above for the attendance record.
A.2.8	The chairman should ensure that appropriate steps are taken to provide effective communication with shareholders and that their views are communicated to the board as a whole.	C	<ul style="list-style-type: none"> • The Company establishes different communication channels with shareholders and investors, including (i) printed copies of corporate communications (including but not limited to annual reports, interim reports, notices of meetings, circulars and proxy forms) required under the Listing Rules, and shareholders can choose to receive such documents using electronic means through the Company's website; (ii) the annual general meeting provides a forum for shareholders to raise comments and exchange views with the Board; (iii) updated and key information on the Group is available on the website of the Company; (iv) the Company's website offers a communication channel between the Company and its shareholders and stakeholders; (v) press conferences and briefing meetings with analysts are arranged from time to time, where applicable, to update on the performance of the Group; (vi) the Company's Hong Kong Share Registrar deals with shareholders for share registration and related matters; and (vii) the Corporate Affairs Department of the Company handles enquiries from shareholders and investors generally. • In February 2015, the Board has established a shareholders communication policy and has made it available on the Company's website in June 2015. The policy is subject to review on a regular basis to ensure its effectiveness.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.2.9	The chairman should promote a culture of openness and debate by facilitating the effective contribution of non-executive directors in particular and ensuring constructive relations between executive and non-executive directors.	C	<ul style="list-style-type: none"> The Chairman promotes a culture of openness and actively encourages Directors with different views to voice their opinion and be fully engaged in the Board's affairs so as to contribute to the Board's functions.
A.3	<p>Board composition</p> <p>Corporate Governance Principle</p> <p><i>The Board should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and should include a balanced composition of Executive and Non-executive Directors so that independent judgement can effectively be exercised.</i></p>		
A.3.1	Independent non-executive directors should be identified in all corporate communications that disclose the names of directors.	C	<ul style="list-style-type: none"> The composition of the Board, by category and position of Directors including the names of the Chairman, the Executive Directors and the Independent Non-executive Directors, is disclosed in all corporate communications. The Board consists of a total of thirteen Directors, comprising eight Executive Directors and five Independent Non-executive Directors. More than one-third of the Board are Independent Non-executive Directors and more than one of them have appropriate professional qualifications, or accounting or related financial management expertise. Details of the composition of the Board are set out on page 212. The Directors' biographical information and the relationships among the Directors are set out on pages 28 to 30. Review of the Board composition is made regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company.
A.3.2	The company should maintain on its website and on HKEx's website an updated list of its directors identifying their role and function and whether they are independent non-executive directors.	C	<ul style="list-style-type: none"> The Company maintains on its website an updated list of its Directors identifying their respective roles and functions together with their biographical information, and whether they are independent non-executive directors. Since June 2015, the updated list of Directors has been posted on the website of HKEx which has been revised from time to time. The Company has also posted on its website and/or the website of HKEx the Terms of Reference of its Board Committees to enable the shareholders to understand the roles played by those Independent Non-executive Directors who serve on the relevant Board Committees.
A.4	<p>Appointments, re-election and removal</p> <p>Corporate Governance Principle</p> <p><i>There should be a formal, considered and transparent procedure for the appointment of new Directors and plans in place for orderly succession for appointments. All Directors should be subject to re-election at regular intervals.</i></p>		
A.4.1	Non-executive directors should be appointed for a specific term, subject to re-election.	C	<ul style="list-style-type: none"> All Directors (including Independent Non-executive Directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Articles and the CG Code.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.4.2	<ul style="list-style-type: none"> - All directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. - Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. 	<p>C</p> <p>C</p>	<ul style="list-style-type: none"> • In accordance with the Articles, newly appointed Directors are required to offer themselves for re-election at the next following general meeting (in the case of filling a casual vacancy) or at the next following annual general meeting (in the case of an addition to the Board) following their appointment. • Under the Articles, the Board may from time to time appoint a Director either to fill a casual vacancy or as an addition to the Board. Any such new Director shall hold office until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board) and shall then be eligible for re-election at the same general meeting. • All Directors (including Independent Non-executive Directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Articles and the CG Code. • The structure, size and composition of the Board are reviewed from time to time to ensure the Board has a balanced and diversified composition of skills and experience appropriate for the requirements of the businesses of the Company. The independence of the Independent Non-executive Directors is assessed according to the relevant rules and requirements under the Listing Rules. • Each of the Independent Non-executive Directors makes an annual confirmation of independence pursuant to the requirements of the Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the independence guidelines set out in the relevant requirements of the Listing Rules and are independent in accordance with the terms of the guidelines. • The Company has published on its website the procedures for shareholders to propose a person for election as a Director.
A.4.3	<ul style="list-style-type: none"> - If an independent non-executive director serves more than 9 years, his further appointment should be subject to a separate resolution to be approved by shareholders. - The papers to shareholders accompanying that resolution should include the reasons why the board believes he is still independent and should be re-elected. 	<p>C</p> <p>C</p>	<ul style="list-style-type: none"> • Each Independent Non-executive Director who is subject to retirement by rotation will be appointed by a separate resolution in the Company's annual general meeting. Each Independent Non-executive Director who is eligible for re-election at the annual general meeting will make a confirmation of independence pursuant to Rule 3.13 of the Listing Rules. • Currently, there is no Independent Non-executive Director who has served more than nine years. The Board has expressed the view in its circular for 2020 annual general meeting that each Independent Non-executive Director who is eligible for re-election has met the independence guidelines set out in Rule 3.13 of the Listing Rules and is independent in accordance with the terms of the guidelines. In accordance with the CG Code, the Company has to include its own recommendation in the circular to explain why a particular candidate should be re-elected. As their relevant credentials have been included in the circular for the shareholders' information, the Company opines that it is more important for the shareholders themselves to make their own independent decision on whether to approve a particular re-election or not.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices																												
A.5	<p>Nomination Committee</p> <p><i>Corporate Governance Principle</i></p> <p><i>In carrying out its responsibilities, the nomination committee should give adequate consideration to the principles under Sections A.3 and A.4 in the CG Code.</i></p>																														
A.5.1	The company should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors.	C	<ul style="list-style-type: none"> The Company established its Nomination Committee on 1 January 2019 which is chaired by the Chairman of the Board. When the need to select, nominate or re-elect Directors arises, the Nomination Committee will establish a Sub-Committee comprising a majority of Independent Non-executive Directors that is chaired by the Chairman of the Board in compliance with the requirements under the Listing Rules in relation to the composition of the nomination committee to consider and if appropriate, recommend the nomination of Director to be appointed or re-elected. While the Nomination Committee comprises all Directors of the Company, this is consistent with the established approach of the Company that the full Board as a whole is responsible for reviewing the selection and appointment of Directors. A Sub-Committee with Mr. Victor T K Li as Chairman and Ms. Hung Siu-lin, Katherine and Mr. Colin Stevens Russel, both Independent Non-executive Directors as members, was established in March 2019 for the purpose of selecting the retiring Directors for re-election at the 2019 annual general meeting. 																												
A.5.2	<ul style="list-style-type: none"> The nomination committee should be established with specific written terms of reference which deal clearly with its authority and duties. It should perform the following duties: <ol style="list-style-type: none"> review the structure, size and composition (including the skills, knowledge and experience) of the board at least annually and make recommendations on any proposed changes to the board to complement the company's corporate strategy; identify individuals suitably qualified to become board members and select or make recommendations to the board on the selection of individuals nominated for directorships; assess the independence of independent non-executive directors; and make recommendations to the board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive. 	<p>C</p> <p>C</p>	<ul style="list-style-type: none"> The terms of reference of the Nomination Committee (both English and Chinese versions), which follow closely the requirements of the CG Code and have been adopted by the Board, are posted on the websites of the Company and HKEx. The Nomination Committee, with delegated responsibility, establishes the policy and procedures for nomination of directors, and determines the process and criteria to select and recommend candidates for directorship. Nomination Committee meeting was held in March 2019. Attendance record of the members of the Nomination Committee is as follows: <table border="1" data-bbox="683 1138 1444 1472"> <thead> <tr> <th>Members of the Nomination Committee</th> <th>Attendance</th> </tr> </thead> <tbody> <tr> <td>Victor T K Li (<i>Chairman of the Nomination Committee</i>)</td> <td>1/1</td> </tr> <tr> <td>KAM Hing Lam</td> <td>1/1</td> </tr> <tr> <td>IP Tak Chuen, Edmond</td> <td>1/1</td> </tr> <tr> <td>CHUNG Sun Keung, Davy</td> <td>1/1</td> </tr> <tr> <td>CHIU Kwok Hung, Justin</td> <td>1/1</td> </tr> <tr> <td>CHOW Wai Kam, Raymond</td> <td>1/1</td> </tr> <tr> <td>PAU Yee Wan, Ezra</td> <td>1/1</td> </tr> <tr> <td>WOO Chia Ching, Grace</td> <td>1/1</td> </tr> <tr> <td>CHEONG Ying Chew, Henry</td> <td>1/1</td> </tr> <tr> <td>CHOW Nin Mow, Albert</td> <td>1/1</td> </tr> <tr> <td>HUNG Siu-lin, Katherine</td> <td>1/1</td> </tr> <tr> <td>Colin Stevens RUSSEL</td> <td>1/1</td> </tr> <tr> <td>Donald Jeffrey ROBERTS</td> <td>1/1</td> </tr> </tbody> </table> The following is a summary of the work of the Nomination Committee and the Sub-Committee during 2019: <ol style="list-style-type: none"> Review the structure, size, diversity profile and skills matrix of the Board and the needs of the Board, and make recommendations on any proposed changes, where applicable; Facilitate the Board in the conduct of the selection and nomination process, including identify suitable candidates for consideration by the Board; Assess the independence of the Independent Non-executive Directors having regard to the criteria under the Listing Rules; and Make recommendation to the Board on the re-election of Directors at the 2019 annual general meeting. In February 2015, the Company has established a policy concerning diversity of Board members ("Board Diversity Policy") which had been modified in January 2019 to follow closely the requirements of the Listing Rules, and the Company has made it available on the Company's website. 	Members of the Nomination Committee	Attendance	Victor T K Li (<i>Chairman of the Nomination Committee</i>)	1/1	KAM Hing Lam	1/1	IP Tak Chuen, Edmond	1/1	CHUNG Sun Keung, Davy	1/1	CHIU Kwok Hung, Justin	1/1	CHOW Wai Kam, Raymond	1/1	PAU Yee Wan, Ezra	1/1	WOO Chia Ching, Grace	1/1	CHEONG Ying Chew, Henry	1/1	CHOW Nin Mow, Albert	1/1	HUNG Siu-lin, Katherine	1/1	Colin Stevens RUSSEL	1/1	Donald Jeffrey ROBERTS	1/1
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Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.5.2 (cont'd)			<ul style="list-style-type: none"> • In the Board Diversity Policy: <ol style="list-style-type: none"> 1. The Company recognises the benefits of a Board that possesses a balance of skills set, experience, expertise and diversity of perspectives appropriate for the strategies of the Company. The Company believes that board diversity enhances decision-making capability and thus the overall effectiveness of the Board in achieving sustainable business operation and enhancing shareholder value. 2. The Company takes into consideration the benefits of various aspects of diversity, including gender, age, culture, ethnicity, education background, professional experience and other factors that may be relevant from time to time towards achieving a diversified Board. 3. Appointment to the Board is based on merit and attributes that the selected candidate will bring to the Board to complement and expand the competencies, experience and perspectives of the Board as a whole, taking into account the corporate strategy of the Company. 4. The full Board of the Company is responsible for reviewing the structure, size, diversity profile and skills matrix of the Board and the progress in achieving the diversity objectives of the Company. The Board as a whole is also responsible for the selection and appointment of Directors and the review of succession plan of Directors. To this end, the Board is mindful of having an appropriately structured recruitment, selection and training programme at appropriate levels so as to identify and prepare suitable talents for Board positions. In the discharge of such responsibilities, the Board will decide with reference to the report and at the recommendation of the Nomination Committee of the Company. • The Board reviews from time to time the Board Diversity Policy and monitors its implementation to ensure its continued effectiveness. • In January 2019, the Company has also established a Director Nomination Policy to formalise the Company's existing approach and procedure and ensure that, with the support of the newly established Nomination Committee and Sub-Committee, proper selection and nomination processes are in place for the appointment of additional and replacement Directors and re-election of Directors. • In the Director Nomination Policy: <ol style="list-style-type: none"> 1. The Nomination Committee will, on an ad hoc basis, establish a Sub-Committee with members from the Nomination Committee who possess the relevant expertise as it considers appropriate, when the need to select, nominate or re-elect Directors arises. In the determination of the suitability of a candidate, the Sub-Committee will consider the potential contributions a candidate can bring to the Board in terms of skills set, experience, expertise, independence, age, culture, ethnicity, gender and such other factors that it may consider appropriate for a position on the Board. The Sub-Committee will provide updated information and status of progress to the Nomination Committee/Board throughout the determination process as and when appropriate. The Board will take into consideration the benefits of a diversified Board when selecting Board candidates. 2. If the Board determines that an additional or replacement Director is required, the relevant Sub-Committee will deploy multiple channels for identifying suitable candidates, including referral from Directors, shareholders, management, advisors of the Company and external executive search firms. Where a retiring Director, being eligible, offers himself/herself for re-election, the relevant Sub-Committee will consider and, if appropriate, recommend such retiring Director to stand for re-election at a general meeting. A circular containing the requisite information on such retiring Director will be sent to shareholders prior to a general meeting in accordance with the Listing Rules. Shareholders of the Company may nominate a person to stand for election as a Director at a general meeting in accordance with the Articles and applicable laws and regulations. The procedures for such proposal are posted on the website of the Company. • The Director Nomination Policy is posted on the website of the Company. The Board will from time to time review the Director Nomination Policy and monitor its implementation to ensure its continued effectiveness and compliance with regulatory requirements and good corporate governance practices.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.5.3	The nomination committee should make available its terms of reference explaining its role and the authority delegated to it by the board by including them on HKEx's website and the company's website.	C	<ul style="list-style-type: none"> The terms of reference of the Nomination Committee (both English and Chinese versions), which follow closely the requirement of the CG Code and have been adopted by the Board, are posted on the websites of the Company and HKEx. The principal responsibilities of the Nomination Committee include reviewing the structure, size, diversity profile and skills matrix of the Board and independence of the Independent Non-executive Directors and making recommendation on the re-election of Directors for the Board's consideration.
A.5.4	The company should provide the nomination committee sufficient resources to perform its duties. Where necessary, the nomination committee should seek independent professional advice, at the company's expense, to perform its responsibilities.	C	<ul style="list-style-type: none"> The Nomination Committee and relevant Sub-Committee are authorised by the Board to seek any information they require from senior management of the Company in order to perform their duties and to have access to independent professional advice where necessary.
A.5.5	<p>Where the board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting:</p> <ol style="list-style-type: none"> the process used for identifying the individual and why the board believes the individual should be elected and the reasons why it considers the individual to be independent; if the proposed independent non-executive director will be holding their seventh (or more) listed company directorship, why the board believes the individual would still be able to devote sufficient time to the board; the perspectives, skills and experience that the individual can bring to the board; and how the individual contributes to diversity of the board. 	C	<ul style="list-style-type: none"> Please refer to A.4.3 above for the details. The following information has been set out in the Company's circular to shareholders for the proposed resolution to elect an individual as an Independent Non-executive Director at the 2019 Annual General Meeting: <ol style="list-style-type: none"> the process used for identifying the individual and why the Board believes the individual should be elected and the reasons why the Board considers the individual to be independent; if the proposed Independent Non-executive Director will be holding their seventh (or more), where applicable, listed company directorship, why the board believes the individual would still be able to devote sufficient time to the board; the perspectives, skills and experience that the individual can bring to the Board; and how the individual contributes to diversity of the Board.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.6	Responsibilities of directors Corporate Governance Principle <i>Every Director must always know his responsibilities as a Director of the Company and its conduct, business activities and development.</i>		
A.6.1	Every newly appointed director of the company should receive a comprehensive, formal and tailored induction on appointment. Subsequently he should receive any briefing and professional development necessary to ensure that he has a proper understanding of the company's operations and business and is fully aware of his responsibilities under statute and common law, the Listing Rules, legal and other regulatory requirements and the company's business and governance policies.	C	<ul style="list-style-type: none"> The Company Secretary and key officers of the Company Secretarial Department liaise closely with newly appointed Directors both immediately before and after his/her appointment to acquaint them with the duties and responsibilities as a Director of the Company and the business operation of the Company. A package, which has been compiled and reviewed by the Company's legal advisers, setting out the duties and responsibilities of directors under the Listing Rules and relevant regulatory requirements is provided to each newly appointed Director. Further information package comprising the latest developments in laws, rules and regulations relating to the duties and responsibilities of directors will be forwarded to each Director from time to time for his/her information and ready reference. Guidelines for directors have also been forwarded to each Director for his/her information and ready reference. During the year, the Company had arranged at the cost of the Company, Directors' seminar sessions conducted by qualified professionals experienced on topics relating to the roles, functions and duties of the Directors. Attendance certificates would be issued to Directors who had attended the seminar sessions and requested the said certificates. In addition, the Company has from time to time provided information and briefings to Directors on the latest developments in the laws, rules and regulations relating to Directors' duties and responsibilities. The Company had also, on an individual basis, advised Directors on queries raised or issues which arise in the performance of their duties as directors.
A.6.2	The functions of non-executive directors include: <ul style="list-style-type: none"> bring independent judgement on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct at board meetings; take the lead on potential conflicts of interests; serve on the audit, remuneration, nomination and other governance committees, if invited; and scrutinise the company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting. 	C C C C	<ul style="list-style-type: none"> The Independent Non-executive Directors exercise their independent judgement and advise on the future business direction and strategic plans of the Company. The Independent Non-executive Directors review the financial information and operational performance of the Company on a regular basis. All Independent Non-executive Directors are invited to serve as members of the Nomination Committee with effect from 1 January 2019. The Independent Non-executive Directors are invited to serve on the audit committee ("Audit Committee") and remuneration committee ("Remuneration Committee") of the Company.
A.6.3	Every director should ensure that he can give sufficient time and attention to the company's affairs and should not accept the appointment if he cannot do so.	C	<ul style="list-style-type: none"> There is satisfactory attendance at Board meetings during the year. Please refer to A.1.1 above for the attendance records. Every Executive Director has hands-on knowledge and expertise in the areas and operation in which he/she is charged with. Appropriate attention to the affairs of the Company is measured in terms of time as well as the quality of such attention and the ability of the Directors to contribute with reference to his/her area of knowledge and expertise, and his/her global perspective.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.6.4	The board should establish written guidelines no less exacting than the Model Code for relevant employees.	C	<ul style="list-style-type: none"> • The Company had adopted the model code for securities transactions by directors of listed issuers set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions effective from 3 June 2015 ("Model Code"). The Model Code has been reviewed by the Company from time to time to comply with the new requirements set out in Appendix 10 to the Listing Rules. • Confirmation has been received from all Directors that they complied with the required standards set out in the Model Code for the year ended 31 December 2019. • Written guidelines no less exacting than the Model Code relating to securities transactions for employees are set out in the Employee Handbook of the Company. • Since February 2015, the Company has established a policy on handling of confidential information, information disclosure and securities dealing for all employees of the Group to comply with when they are in possession of confidential or inside information in relation to the Group. Such policy has complied with the requirements set out in Part XIVA of the Securities and Futures Ordinance. Such policy has been posted on Company's intranet and disseminated to all employees of the Company.
A.6.5	All directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the board remains informed and relevant. The company should be responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of a listed company director.	C	<ul style="list-style-type: none"> • A package, which has been compiled and reviewed by the Company's legal advisers, setting out the duties and responsibilities of directors under the Listing Rules and relevant regulatory requirements, is provided to each newly appointed Director. Further information package comprising the latest developments in laws, rules and regulations relating to the duties and responsibilities of directors will be forwarded to each Director from time to time for his/her information and ready reference. Guidelines for directors have also been forwarded to each Director for his/her information and ready reference. • In addition, the Company has from time to time provided information and briefings to Directors on the latest developments in the laws, rules and regulations relating to Directors' duties and responsibilities. The Company had also, on an individual basis, advised Directors on queries raised or issues which arise in the performance of their duties as directors. • The Directors have provided to the Company their records of continuous professional development during the year 2019. • During the year, the Company had arranged at the cost of the Company, Directors' seminar sessions conducted by qualified professionals experienced on topics relating to the roles, functions and duties of the Directors. Attendance certificates would be issued to Directors who had attended the seminar sessions and requested the said certificates. Directors have also participated in continuous professional training organised by professional bodies and/or government authorities. <p>The Directors' knowledge and skills are continuously developed and refreshed by, inter alia, the following means:</p> <ol style="list-style-type: none"> 1. Reading memoranda issued or materials provided (for example, in-house directors' seminar) from time to time by the Company to Directors, and as applicable, briefings and reports by the Company Secretary, as regards legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties with the latest developments in public consultations, laws, rules and regulations relating to the duties and responsibilities of directors and corporate governance; 2. Participation in continuous professional training seminars/conferences/courses/workshops on subjects relating to directors' duties and corporate governance, etc. organised by the Company and/or professional bodies and/or government authorities; and

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices																																
A.6.5 (cont'd)			<p>3. Reading news/journal/magazine/other reading materials as regards legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties.</p> <ul style="list-style-type: none"> Records of the Directors' training during 2019 are as follows: <table border="1"> <thead> <tr> <th>Members of the Board</th> <th>Training received</th> </tr> </thead> <tbody> <tr> <td colspan="2">Executive Directors</td> </tr> <tr> <td>Victor T K LI (<i>Chairman and Managing Director</i>)</td> <td>(1) & (3)</td> </tr> <tr> <td>KAM Hing Lam (<i>Deputy Managing Director</i>)</td> <td>(1) & (3)</td> </tr> <tr> <td>IP Tak Chuen, Edmond (<i>Deputy Managing Director</i>)</td> <td>(1) & (3)</td> </tr> <tr> <td>CHUNG Sun Keung, Davy</td> <td>(1) & (3)</td> </tr> <tr> <td>CHIU Kwok Hung, Justin</td> <td>(1), (2) & (3)</td> </tr> <tr> <td>CHOW Wai Kam, Raymond</td> <td>(1), (2) & (3)</td> </tr> <tr> <td>PAU Yee Wan, Ezra</td> <td>(1), (2) & (3)</td> </tr> <tr> <td>WOO Chia Ching, Grace</td> <td>(1), (2) & (3)</td> </tr> <tr> <td colspan="2">Independent Non-executive Directors</td> </tr> <tr> <td>CHEONG Ying Chew, Henry</td> <td>(1), (2) & (3)</td> </tr> <tr> <td>CHOW Nin Mow, Albert</td> <td>(1), (2) & (3)</td> </tr> <tr> <td>HUNG Siu-lin, Katherine</td> <td>(1), (2) & (3)</td> </tr> <tr> <td>Colin Stevens RUSSEL</td> <td>(1), (2) & (3)</td> </tr> <tr> <td>Donald Jeffrey ROBERTS</td> <td>(1), (2) & (3)</td> </tr> </tbody> </table>	Members of the Board	Training received	Executive Directors		Victor T K LI (<i>Chairman and Managing Director</i>)	(1) & (3)	KAM Hing Lam (<i>Deputy Managing Director</i>)	(1) & (3)	IP Tak Chuen, Edmond (<i>Deputy Managing Director</i>)	(1) & (3)	CHUNG Sun Keung, Davy	(1) & (3)	CHIU Kwok Hung, Justin	(1), (2) & (3)	CHOW Wai Kam, Raymond	(1), (2) & (3)	PAU Yee Wan, Ezra	(1), (2) & (3)	WOO Chia Ching, Grace	(1), (2) & (3)	Independent Non-executive Directors		CHEONG Ying Chew, Henry	(1), (2) & (3)	CHOW Nin Mow, Albert	(1), (2) & (3)	HUNG Siu-lin, Katherine	(1), (2) & (3)	Colin Stevens RUSSEL	(1), (2) & (3)	Donald Jeffrey ROBERTS	(1), (2) & (3)
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A.6.6	Each director should disclose to the company at the time of his appointment, and in a timely manner for any change, the number and nature of offices held in public companies or organisations and other significant commitments. The identity of the public companies or organisations and an indication of the time involved should also be disclosed. The board should determine for itself how frequently this disclosure should be made.	C	<ul style="list-style-type: none"> The Directors have disclosed to the Company at the time of their appointment and from time to time thereafter the number and nature of offices held in public companies or organisations and other significant commitments, identifying the public companies or organisations involved. 																																
A.6.7	Independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. Generally, they should also attend general meetings to gain and develop a balanced understanding of the views of shareholders.	C	<ul style="list-style-type: none"> There is satisfactory attendance at Board meetings, Board Committee meetings, the meetings between the Chairman and the Independent Non-executive Directors and the general meetings during the year. Please refer to A.1.1, A.2.2, A.5.2, B.1.2, C.3.1 and E.1.2 for the attendance records. Extent of participation and contribution should be viewed both quantitatively and qualitatively. 																																
A.6.8	Independent non-executive directors and other non-executive directors should make a positive contribution to the development of the company's strategy and policies through independent, constructive and informed comments.	C	<ul style="list-style-type: none"> Please refer to A.6.7 above. 																																

CORPORATE GOVERNANCE REPORT (CONTINUED)

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.7	Supply of and access to information <i>Corporate Governance Principle</i> <i>Directors should be provided in a timely manner with appropriate information in the form and quality to enable them to make an informed decision and perform their duties and responsibilities.</i>		
A.7.1	<ul style="list-style-type: none"> – Send agenda and full board papers to all directors at least 3 days before a regular board or board committee meeting. – As far as practicable for other board or board committee meetings. 	<p>C</p> <p>C</p>	<ul style="list-style-type: none"> • Board/Board Committee papers are circulated not less than three days before the regular Board/Board Committee meetings to enable the Directors/Board Committee members to make informed decisions on matters to be raised at the Board/Board Committee meetings.
A.7.2	<ul style="list-style-type: none"> – Management has an obligation to supply the board and its committees with adequate and reliable information in a timely manner to enable it to make informed decisions. – The board and individual directors should have separate and independent access to the company's senior management for making further enquiries where necessary. 	<p>C</p> <p>C</p>	<ul style="list-style-type: none"> • The Company Secretary and the General Manager of the Accounts Department attend all regular Board meetings to advise on corporate governance, statutory compliance, and accounting and financial matters, as appropriate. • Communications between Directors on the one hand, and the Company Secretary, who acts as co-ordinator for the other business units of the Group on the other, is a dynamic and interactive process to ensure that queries raised and clarification sought by the Directors are dealt with and that further supporting information is provided if appropriate.
A.7.3	<ul style="list-style-type: none"> – All directors are entitled to have access to board papers and related materials. – Queries raised by directors should receive a prompt and full response, if possible. 	<p>C</p> <p>C</p>	<ul style="list-style-type: none"> • Please refer to A.7.1 and A.7.2 above.
B.	REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT AND BOARD EVALUATION		
B.1	The level and make-up of remuneration and disclosure <i>Corporate Governance Principle</i> <i>The Company should disclose its Director's remuneration policy and other remuneration related matters. The procedure for setting policy on Executive Directors' remuneration and all Directors' remuneration packages should be formal and transparent.</i>		
B.1.1	The remuneration committee should consult the chairman and/or chief executive about their remuneration proposals for other executive directors and should have access to independent professional advice if necessary.	C	<ul style="list-style-type: none"> • The Remuneration Committee has consulted the Chairman and/or the Managing Director about proposals relating to the remuneration packages and other human resources issues of the Directors and senior management, including, without limitation, succession plan and key personnel movements as well as policies for recruiting and retaining qualified personnel. • The emoluments of Directors have been determined with reference to the skills, knowledge, involvement in the Company's affairs and the performance of each Director, and to the profitability of the Company and prevailing market conditions during the year. • To enable them to better advise on the Group's future remuneration policy and related strategies, the Remuneration Committee has been advised of the Group's existing remuneration policy and succession plan, including the corporate philosophy in formulating employees' remuneration packages, and market trends and related information. • The Remuneration Committee is satisfied that there is in place a clear system for determining remuneration, which is reasonable and has been followed consistently in its application.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices								
B.1.2	<p>The remuneration committee's terms of reference should include:</p> <ul style="list-style-type: none"> – recommend to the board on the company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; – review and approve the management's remuneration proposals with reference to the board's corporate goals and objectives; – either to determine, with delegated responsibility, or to make recommendations to the board on the remuneration packages of individual executive directors and senior management; – recommend to the board on the remuneration of non-executive directors; – consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group; – review and approve compensation payable on loss or termination of office or appointment; – review and approve compensation arrangements relating to dismissal or removal of directors for misconduct; and – ensure that no director or any of his associates is involved in deciding his own remuneration. 	C	<ul style="list-style-type: none"> • The Company established its remuneration committee ("Remuneration Committee") on 26 February 2015. A majority of the members are Independent Non-executive Directors. • The Remuneration Committee comprises the Chairman, Mr. Victor T K Li and two Independent Non-executive Directors, namely, Ms. Hung Siu-lin, Katherine (Chairman of the Remuneration Committee) and Mr. Cheong Ying Chew, Henry. • The terms of reference of the Remuneration Committee (both English and Chinese versions) follow closely the requirements of the CG Code. The same as modified from time to time and adopted by the Board, are posted on the websites of the Company and HKEx. • The Remuneration Committee, with delegated responsibility, determines the remuneration packages of individual Executive Directors and senior management, and reviews the remuneration of Independent Non-executive Directors. • Since the publication of the Annual Report 2018 in April 2019, meeting of the Remuneration Committee was held in January 2020. Attendance record of the members of the Remuneration Committee is as follows: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Members of the Remuneration Committee</th> <th style="text-align: right;">Attendance</th> </tr> </thead> <tbody> <tr> <td>HUNG Siu-lin, Katherine (<i>Chairman of the Remuneration Committee</i>)</td> <td style="text-align: right;">1/1</td> </tr> <tr> <td>Victor T K Li</td> <td style="text-align: right;">1/1</td> </tr> <tr> <td>CHEONG Ying Chew, Henry</td> <td style="text-align: right;">1/1</td> </tr> </tbody> </table> • The following is a summary of the work of the Remuneration Committee during the said meeting: <ol style="list-style-type: none"> 1. Review the remuneration policy for 2019/2020; 2. Recommend to the Board the Company's policy and structure for the remuneration of Directors and the management; 3. Review the remuneration packages of Executive Directors and the management with reference to the established system of the Company for determining the remuneration review; 4. Review and approve the remuneration of Independent Non-executive Directors; and 5. Review the annual bonus policy. • No Director or any of his/her associates was involved in deciding his/her own remuneration at the meeting of the Remuneration Committee held in January 2020. 	Members of the Remuneration Committee	Attendance	HUNG Siu-lin, Katherine (<i>Chairman of the Remuneration Committee</i>)	1/1	Victor T K Li	1/1	CHEONG Ying Chew, Henry	1/1
Members of the Remuneration Committee	Attendance										
HUNG Siu-lin, Katherine (<i>Chairman of the Remuneration Committee</i>)	1/1										
Victor T K Li	1/1										
CHEONG Ying Chew, Henry	1/1										
B.1.3	<p>The remuneration committee should make available its terms of reference, explaining its role and the authority delegated to it by the board by including them on HKEx's website and the company's website.</p>	C	<ul style="list-style-type: none"> • The terms of reference of the Remuneration Committee are posted on the websites of the Company and HKEx. • The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for the remuneration of Directors and the management, and reviewing the remuneration packages of all Executive Directors and the management with reference to the corporate goals and objectives of the Board resolved from time to time. 								
B.1.4	<p>The remuneration committee should be provided with sufficient resources to perform its duties.</p>	C	<ul style="list-style-type: none"> • The Human Resources Department provides administrative support and implements the approved remuneration packages and other human resources related decisions approved by the Remuneration Committee. 								
B.1.5	<p>The company should disclose details of any remuneration payable to members of senior management by band in the annual reports.</p>	C	<ul style="list-style-type: none"> • The Board has resolved that the senior management of the Company comprises only the Executive Directors of the Company. Please refer to note 4 in the Notes to Consolidated Financial Statements for details of the remuneration payable to the Directors. 								

CORPORATE GOVERNANCE REPORT (CONTINUED)

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.	ACCOUNTABILITY AND AUDIT		
C.1	Financial reporting <i>Corporate Governance Principle</i> <i>The Board should present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects.</i>		
C.1.1	Management should provide sufficient explanation and information to the board to enable it to make an informed assessment of financial and other information put before it for approval.	C	<ul style="list-style-type: none"> Directors are provided with a review of the Group's major business activities and key financial information on a quarterly basis.
C.1.2	Management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the company's performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties.	C	<ul style="list-style-type: none"> Monthly updates had been provided to all members of the Board since 3 June 2015, for the purpose of providing a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail and to enable the Board as a whole and each Director to discharge their duties.
C.1.3	<ul style="list-style-type: none"> The directors should acknowledge in the Corporate Governance Report their responsibility for preparing the accounts. There should be a statement by the auditors about their reporting responsibilities in the auditor's report on the financial statements. Unless it is inappropriate to assume that the company will continue in business, the directors should prepare the accounts on a going concern basis, with supporting assumptions or qualifications as necessary. Where the directors are aware of material uncertainties relating to events or conditions that may cast significant doubt on the company's ability to continue as a going concern, they should be clearly and prominently disclosed and discussed at length in the Corporate Governance Report. 	<p>C</p> <p>C</p> <p>C</p> <p>N/A</p>	<ul style="list-style-type: none"> The Directors acknowledged in writing on an annual basis their responsibility for preparing the financial statements of the Group. Directors are not aware of material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern as referred to in C.1.3 of the CG Code. With the assistance of the Company's Accounts Department which is under the supervision of the General Manager who is a professional accountant, the Directors ensure the preparation of the financial statements of the Group are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the publication of the financial statements of the Group is in a timely manner. The statement by the auditor of the Company regarding its reporting responsibilities on the Consolidated Financial Statements of the Group is set out in the Independent Auditor's Report on pages 189 to 193.
C.1.4	The directors should include in the separate statement containing a discussion and analysis of the group's performance in the annual report, an explanation of the basis on which the company generates or preserves value over the longer term (the business model) and the strategy for delivering the company's objectives.	C	<ul style="list-style-type: none"> The Board has included the separate statement containing a discussion and analysis of the Group's sustainable development strategy in the Management Discussion and Analysis of Annual Report 2019.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.1.5	The board should present a balanced, clear and understandable assessment in annual and interim reports, and other financial disclosures required by the Listing Rules. It should also do so for reports to regulators and information disclosed under statutory requirements.	C	<ul style="list-style-type: none"> The Board aims to present a clear, balanced and understandable assessment of the Group's performance and position in all shareholder communications. The Board is aware of and updated with the requirements under the applicable rules and regulations about timely disclosure of information or matters regarding the Company and will authorise the publication of such announcements as and when the occasion arises. The Company Secretary and key officers of the Company Secretarial Department work closely and in consultation with legal advisers to review the materiality and sensitivity of transactions and proposed transactions and advise the Board accordingly.
C.2	Risk management and internal control Corporate Governance Principle <i>The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board should oversee management in the design, implementation and monitoring of the risk management and internal control systems, and management should provide a confirmation to the Board on the effectiveness of these systems.</i>		
C.2.1 – C.2.5	<ul style="list-style-type: none"> The board to oversee the company's risk management and internal control systems on an ongoing basis, to review the effectiveness of the company's and its subsidiaries' risk management and internal control systems has been conducted at least annually and to report that they have done so in the Corporate Governance Report. The review should cover all material controls, including financial, operational and compliance controls. The board's annual review should, in particular, ensure the adequacy of resources, staff qualifications and experience, training programmes and budget of the company's accounting, internal audit and financial reporting functions. The board's annual review should, in particular, consider: <ul style="list-style-type: none"> (a) the changes, since the last annual review, in the nature and extent of significant risks, and the company's ability to respond to changes in its business and the external environment; 	C	<p>INTRODUCTION</p> <p>The Group strives to maintain high standards of corporate governance. It also maintains a robust internal controls system that is designed to provide reasonable, but not absolute, assurance regarding the prevention, detection and handling of any material misstatement or loss and to manage, rather than eliminate, the risk of failure in operating systems and in the achievement of its objectives. The main features of this system, which continue to operate, are described as below.</p> <p>Throughout the 2019 financial year, the Group complied with the Provisions of the CG Code, as set out in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").</p> <p>In view of the implementation of the Consultation Conclusions on Risk Management and Internal Control, relating to Section C.2.1 of the CG Code, issued by the Stock Exchange in December 2014 ("Consultation Conclusions"), the Group has reviewed its risk management framework and processes and has implemented relevant measures resulting from this exercise that aim to enhance these. In particular, the Group has developed, approved and implemented an enterprise risk management ("ERM") system (the "ERM System"), which is defined in and supported by a risk management policy (the "RM Policy"). The RM Policy has been endorsed by the Audit Committee.</p> <p>The terms of reference of the Audit Committee, which were approved by the Board, include responsibility for the oversight of the Group's risk management and internal controls systems, as delegated by the Board. In addition, a Risk Management Taskforce ("RMTF") has been established and is the decision-making body for the operation of the ERM System.</p> <p>The ERM System defines the roles and responsibilities within the Group for risk management activity and describes the methodology and approach to risk identification and assessment that the Group has adopted. It also contains the established protocols for the communication of risks and measures to address them. The Board is ultimately responsible for determining and evaluating the risks it is willing to take in achieving the Group's objectives, ensuring it establishes and maintains effective risk management and internal controls systems, and overseeing these systems on an ongoing basis. The Group's management is responsible for designing, implementing and monitoring its risk management and internal controls systems.</p>


CORPORATE GOVERNANCE REPORT (CONTINUED)

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.2.1 – C.2.5 (cont'd)	<p>(b) the scope and quality of management's ongoing monitoring of risks and of the internal control system, and where applicable, the work of its internal audit function and other assurance providers;</p> <p>(c) the extent and frequency of communication of monitoring results to the board (or board committee(s)) which enables it to assess control of the company and the effectiveness of risk management;</p> <p>(d) significant control failings or weaknesses that have been identified during the period. Also, the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the company's financial performance or condition; and</p> <p>(e) the effectiveness of the company's processes for financial reporting and Listing Rule compliance.</p> <p>– The company should disclose, in the Corporate Governance Report, a narrative statement on how they have complied with the risk management and internal control code provisions during the reporting period. In particular, they should disclose:</p> <p>(a) the process used to identify, evaluate and manage significant risks;</p> <p>(b) the main features of the risk management and internal control systems;</p>		<p>Other than achieving compliance with the Consultation Conclusions, the Group strives to enhance the communication of information on risk and controls between different levels and departments/functions within the Group for the purpose of obtaining practical business benefit.</p> <p>In addition, the RM Policy provides direction to management within the Group for applying consistent risk management practices in which its significant risks are identified, prioritised and addressed. It also serves to provide continuity in the Group's risk management activities, as personnel may change over time, and to facilitate such transitioning.</p> <p>Overall, risk management activity is a key element of our corporate governance practices. We recognise that effective risk management is essential to the financial and operational success of the Group. The Group is committed to the continuous improvement of its risk management and internal control systems and will continue to conduct regular reviews to ensure that they are effective and appropriate, especially as business conditions and the organisation develops.</p> <p>A "Top-Down" approach is adopted for the Group's risk management system. This is manifested by strong oversight exercised by the Board, the Audit Committee, the RMTF and senior management in the establishment and maintenance of the ERM System.</p> <p>GOVERNANCE STRUCTURE FOR ENTERPRISE RISK MANAGEMENT</p> <p>The governance structure for our ERM System is as shown below:</p> <pre> graph TD subgraph Governance Board[Board of Directors Ultimate Responsible Body] Audit[Audit Committee Governance Body] Internal[Internal Audit Department Independent Assessor] Board --- Audit Audit --- Internal end subgraph Implementation_Execution [Implementation/Execution] Risk[Risk Management Taskforce Decision-Making body] Dept[Department/Functional Heads Risk Owners] Risk --- Dept end Board --- Risk </pre>

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.2.1 – C.2.5 (cont'd)	<p>(c) an acknowledgement by the board that it is responsible for the risk management and internal control systems and reviewing their effectiveness; the board to explain that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss;</p> <p>(d) the process used to review the effectiveness of the risk management and internal control systems and to resolve material internal control defects; and</p> <p>(e) the procedures and internal controls for the handling and dissemination of inside information.</p> <p>– The company should have an internal audit function. The company without an internal audit function should review the need for one on an annual basis and should disclose the reasons for the absence of such a function in the Corporate Governance Report.</p>		<p>The Board has overall responsibility for maintaining a sound and effective risk management and internal controls system for the Group including, but not limited to, the following tasks:</p> <ul style="list-style-type: none"> • Setting and communicating the Group's strategies and objectives; • Overseeing the Group's ERM System and activity, including internal controls, on an ongoing basis, having overall accountability for the effectiveness of these; • Evaluating and providing direction to the Group on the nature and extent of the risks that shall be taken to achieve its strategic objectives (i.e. setting the Risk Appetite); • Ensuring a review of the effectiveness of the Group's ERM System and material financial, operational and compliance controls is conducted at least annually, considering any significant failings or weaknesses identified in relation to these, their impact and how they are being addressed; • Reviewing changes in the nature and extent of significant risks from the last annual review and the Group's ability to respond to these and to changes in its business and external environment; and • Reviewing the scope and quality of management's ongoing monitoring of risks and internal controls, the extent and frequency of communication of the results of risk monitoring to the Board. <p>The Audit Committee also plays a vital role in overseeing the ERM System on behalf of the Board, including by way of the following:</p> <ul style="list-style-type: none"> • Reviewing and approving the RM Policy and changes to this that are requested or required; • On behalf of the Board, reviewing, on at least an annual basis, the Group's ERM System and internal controls with the RMTF and the Internal Audit Department to ensure that management has fulfilled its duties of establishing and maintaining an effective ERM system and internal controls; • Reviewing the results of the annual risk assessment, including changes in the nature, and extent of significant risks since the last review and the Group's ability to respond to changes in these, and in its business and the external environment; • Reviewing any enhancements to the ERM System proposed by the RMTF; • Assessing the extent and frequency of the communication of the monitoring results to the Board and the Audit Committee and the effectiveness of the ERM System, as well as processes for financial reporting and for achieving compliance with Listing Rules; • Considering the results of any investigation into the Group's risk management practices and internal controls, as delegated by the Board or that it performs on its own initiative, and management's responses to the findings of such investigations; • Identifying key risk issues that might require the Board's attention and reporting these accordingly; • Performing an annual review of the Internal Audit Department including the adequacy of its budget and resources, the qualifications and experience of its management and staff, and the quality of its training program, in order to ensure that it is able to provide sufficient coverage of the Group's key risk issues; and • Reviewing reports from the external auditor, Messrs. Deloitte Touche Tohmatsu ("Deloitte"), on internal controls and relevant financial reporting matters, in addition to management's review.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.2.1 – C.2.5 (cont'd)			<p>The RMTF is the decision-making body of the ERM System. It is chaired by an Executive Director of the Group and comprises of delegates of the Executive Directors and representatives from different functions of the Group, so as to provide effective coverage of the Group as a whole. The RMTF is responsible for the following:</p> <ul style="list-style-type: none"> • Assisting the Board and the Audit Committee with overseeing the ERM System and its implementation; • Making decisions relating to the design or modification of the ERM System, i.e. risk assessment approach/methodology; • Ensuring that a risk management culture is fostered and developed and that the ERM System is embedded over time into the Group's daily operations; • Performing ad hoc reviews of the ERM System, as needed; • Resolving and aligning any risk management practices and activities of different departments/functions that are inconsistent; • Ensuring that departments/functions of the Group commit sufficient resources to carrying out risk management activity in accordance with the RM Policy; • Reviewing and approving the Risk Inventory (which covered the operational, compliance, and environmental, social and governance risks) produced as part of the annual risk assessment process performed by Functional Heads and which summarizes all key strategic, financial, operational and compliance risks identified; • Reviewing the results of the annual risk assessment and submitting these to the Audit Committee for its own review; and • Proposing enhancements to the ERM System, including those required to fulfill any changes in regulatory requirements, and submitting these to the Audit Committee for review. <p>The Internal Audit Department acts as an independent assessor of the ERM System. In maintaining a sound ERM System, the Internal Audit Department's major responsibilities include but are not limited to the following:</p> <ul style="list-style-type: none"> • Carrying out independent assessments of the adequacy and effectiveness of the Group's ERM System; • Acting as an advisory member of the RMTF on such matters as the design, implementation and development of the ERM System, risk assessment practices, etc.; • Reporting to the Audit Committee on the results of its independent assessments, the scope, frequency and timing of which are subject to the discretion of the Audit Committee; and • Providing administrative support in relation to the Group's risk assessment process. <p>On top of the above responsibilities, Internal Audit Department also provides an independent appraisal of the Group's financial and operating activities, and makes constructive recommendations to relevant management regarding actions necessary to address any areas for improvement.</p> <p>The Internal Audit Department carries out an annual risk assessment of the Group's operations and derives a yearly audit plan based on the risk ratings of various auditable areas. The audit plan is reviewed and endorsed by the Audit Committee before execution. In addition to its agreed schedule of work derived from this plan, the Internal Audit Department conducts other review and investigative work as may be required. The results of internal audit reviews and agreed management action plans in response to the Internal Audit Department's recommendations are reported to the Executive Directors and Audit Committee periodically. The Internal Audit Department also follows up with management regarding the implementation of the agreed action plans, to ensure that internal controls are continuously enhanced.</p>

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.2.1 – C.2.5 (cont'd)			<p>Department/Functional Heads and their delegates are responsible for managing risks during their day-to-day operations. Their major responsibilities include, but are not limited to, the following:</p> <ul style="list-style-type: none"> • Operating in a manner that is consistent with the Group's risk appetite; • Embedding appropriate risk management processes and practices into day-to-day operations and fostering a risk culture within the departments/functions under their responsibility; • Supporting and participating in the implementation of the ERM System; • Attending meetings on risk assessment and other risk management-related meetings upon the request of the RMTF; • Identifying and assessing risks associated with business activities (including new business) within their own departments/functions; • Participating in the Group's control self-assessment process (which is performed at least annually), in order to assess the effectiveness of controls over the reliability of financial reporting, the effectiveness and efficiency of operations, compliance with applicable laws and regulations as well as mitigation of the Group's risks; • Preparing for and seeking the approval of the responsible Executive Director for operational budgets, as well as complying with processes for appraising, reviewing and approving major capital and recurrent expenditure; • Reporting the results of operations against budgets to the Executive Directors on a regular basis; and • Implementing risk action plans to address key risks for which systems, processes and controls are assessed as being ineffective. <p>ENTERPRISE RISK ASSESSMENT METHODOLOGY</p> <p>The Group adopted the Committee of Sponsoring Organizations of the Treadway Commission's ERM Framework in establishing the ERM System which illustrates the key components of any ERM system necessary for managing risks.</p> <p>Our ERM activity is integrated into our business and decision-making process, including with regards to the formulation of strategic objectives, business planning and development and daily operations.</p> <p>The Group's methodology for its risk assessment comprises four core stages that are shown below.</p> <div style="text-align: center;">  <p><i>Ongoing communication, monitoring and review</i></p> </div> <p>It mainly involves:</p> <ol style="list-style-type: none"> a) Risk Identification <p>Department/Functional Heads identify risks in the operations they are responsible for as well as risks they believe are relevant to the Group as a whole. All the identified risks are consolidated into a risk inventory.</p> b) Risk Assessment <p>Risks in the Risk Inventory are evaluated by assessment participants from the Group using predefined risk assessment criteria associated with two risk dimensions – impact of each risk; and (ii) the Group's vulnerability to each risk. The risk scoring and prioritization process is then performed.</p>

CORPORATE GOVERNANCE REPORT (CONTINUED)

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.2.1 – C.2.5 (cont'd)			<p>c) Risk Response</p> <p>The prioritized risk ranking is then submitted to the Internal Audit Department and the RMTF for review. Risk Owners are assigned for each selected risk, with more significant risks being assigned to more senior individuals. Risk Owners also formulate risk mitigation plans for the significant risks identified and relating to their areas of responsibility.</p> <p>When determining appropriate risk mitigation plans, four types of risk response are generally adopted:</p> <ul style="list-style-type: none"> • Acceptance: Risks are considered immaterial and are therefore accepted, based on the Group's risk appetite. No action is considered necessary. • Reduction: Risks cannot be considered immaterial and actions, such as implementing more effective controls, have to be taken to reduce the potential impact of the risk, and the Group's vulnerability to it, to an acceptable level. • Sharing: Risks cannot be considered immaterial and the Group itself cannot effectively reduce the risk to an acceptably low level in isolation. Therefore, a portion of the risk has to be transferred to, or shared with, other parties (by insurance, outsourcing, etc.). • Avoidance: Risks are so significant that there are no means, either through reduction or sharing, of reducing them to acceptable levels without incurring excessive costs. Therefore, activities giving rise to such risks should be avoided. <p>Such plans are assessed by the Internal Audit Department and reviewed and approved by the RMTF. The Internal Audit Department takes the finalised risk ranking account into its internal audit plan and revises this plan as needed. The revised internal audit plan will then be submitted to the Audit Committee for approval.</p> <p>d) Risk Monitoring and Reporting</p> <p>Risk monitoring and reporting are key components of the ERM System as they enable the Board, the Audit Committee, the RMTF and Department/Functional Heads to determine whether it is functioning effectively. This includes ensuring that risks are identified, prioritised and communicated to those responsible for taking action to address them, and that such actions have been taken and are operating effectively.</p> <p>Risk Owners are responsible for monitoring the implementation and effectiveness of the risk mitigation plans they are responsible for. They provide periodic updates to the RMTF regarding the progress of the implementation of their risk mitigation plans and on the performance of these plans, according to the frequency specified in each plan. Risk management monitoring activities and the effectiveness of the implementation of risk mitigation plans are made subjects of review by the Internal Audit Department and are included in its internal audit plans.</p> <p>COMMUNICATION OF RISK EVENTS</p> <p>Where risk events arise, our communication, both within the Group and to external parties, is an integral part of the ERM System. To enable the Group to make appropriate decisions and responses to mitigate or address any risk event, relevant information on the incident is communicated by and to the right functions and individuals, completely and accurately, and in a timely manner.</p> <p>The Group has written procedures relating to the handling of confidential and inside information, including Price Sensitive Information in accordance with Hong Kong regulations, that meet many of the requirements for communication of information on risk events specified above. These procedures are posted on the Group's intranet and disseminated to all employees of the Group.</p> <p>In addition, various functions in the Group have established practices and protocols for the escalation and handling of crisis level events, involving the Executive Directors, senior management, the Corporate Affairs Department, etc., as appropriate. Group personnel refer to their functional/departmental leadership if they require further information or guidance relating to the crisis management practices and protocols that are relevant to them.</p>

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices												
C.2.1 – C.2.5 (cont'd)			<p>REVIEW OF THE EFFECTIVENESS OF ENTERPRISE RISK MANAGEMENT SYSTEM AND INTERNAL CONTROL</p> <p>As mentioned above, the Board is ultimately responsible for the Group's risk management and internal controls system and for reviewing its effectiveness.</p> <p>The Internal Audit Department conducts ongoing independent assessments of the Group's risk management and internal controls systems, including those of its subsidiaries, and reports on these to the Audit Committee. The Audit Committee also reviewed the effectiveness of the Group's risk management and internal controls systems and reported on these to the Board for the financial year.</p> <p>For the year ended 31 December 2019, the Board has received a confirmation from management on the effectiveness of the risk management and internal controls systems. The Board and its Audit Committee considered the risk management and internal controls system to be effective and adequate. They also considered the adequacy of resources, staff qualifications and experience, training and budget of its accounting, internal audit and financial reporting functions. No significant areas of concern that might affect our stakeholders, including our shareholders, were identified during the captioned period.</p>												
C.3	<p>Audit Committee</p> <p><i>Corporate Governance Principle</i></p> <p><i>The Board should establish formal and transparent arrangements to consider how it will apply financial reporting, risk management and internal control principles and maintain an appropriate relationship with the Company's auditors.</i></p>														
C.3.1	<ul style="list-style-type: none"> – Full minutes of audit committee meetings should be kept by a duly appointed secretary of the meeting. – Draft and final versions of minutes should be sent to all committee members for their comment and records, within a reasonable time after the meeting. 	<p>C</p> <p>C</p>	<ul style="list-style-type: none"> • Minutes drafted by the Company Secretary are circulated to members of the Audit Committee within a reasonable time after each meeting. • Audit Committee meetings were held in March and August of 2019. Attendance records of members of the Audit Committee are as follows: <table border="1" data-bbox="703 1090 1477 1252"> <thead> <tr> <th data-bbox="703 1090 1342 1118">Members of the Audit Committee</th> <th data-bbox="1342 1090 1477 1118">Attendance</th> </tr> </thead> <tbody> <tr> <td data-bbox="703 1118 1342 1146">CHEONG Ying Chew, Henry (<i>Chairman of the Audit Committee</i>)</td> <td data-bbox="1342 1118 1477 1146">2/2</td> </tr> <tr> <td data-bbox="703 1146 1342 1175">CHOW Nin Mow, Albert</td> <td data-bbox="1342 1146 1477 1175">2/2</td> </tr> <tr> <td data-bbox="703 1175 1342 1203">HUNG Siu-lin, Katherine</td> <td data-bbox="1342 1175 1477 1203">2/2</td> </tr> <tr> <td data-bbox="703 1203 1342 1231">Colin Stevens RUSSEL</td> <td data-bbox="1342 1203 1477 1231">2/2</td> </tr> <tr> <td data-bbox="703 1231 1342 1259">Donald Jeffrey ROBERTS</td> <td data-bbox="1342 1231 1477 1259">2/2</td> </tr> </tbody> </table> • The following is a summary of the work of the Audit Committee during 2019: <ol style="list-style-type: none"> 1. Review the financial reports for 2018 annual results and 2019 interim results; 2. Review the findings and recommendations of the Internal Audit Department on the work of various departments and related companies; 3. Review the effectiveness of the risk management and internal control systems; 4. Review the external auditor's audit findings; 5. Review the external auditor's remuneration; 6. Review the risks of different business units and analysis thereof provided by the relevant business units; 7. Review the control mechanisms for such risks and advising on action plans for improvement of the situations; 8. Review the arrangements employees can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters; and 9. Perform the corporate governance functions and review the corporate governance policies and practices. 	Members of the Audit Committee	Attendance	CHEONG Ying Chew, Henry (<i>Chairman of the Audit Committee</i>)	2/2	CHOW Nin Mow, Albert	2/2	HUNG Siu-lin, Katherine	2/2	Colin Stevens RUSSEL	2/2	Donald Jeffrey ROBERTS	2/2
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CORPORATE GOVERNANCE REPORT (CONTINUED)

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.3.1 (cont'd)			<ul style="list-style-type: none"> • After due and careful consideration of reports from management and the internal and external auditors, the Audit Committee noted that no suspected fraud or irregularities, significant internal control deficiencies, or significant suspected infringement of laws, rules, or regulations had been found, and concluded at the meeting held on 17 March 2020 that the risk management and internal control systems were adequate and effective. • On 17 March 2020, the Audit Committee met to review the Group's 2019 consolidated financial statements, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditor. After review and discussions with the management, internal auditor and external auditor, the Audit Committee endorsed the accounting treatment adopted by the Company, and the Audit Committee had to the best of its ability assured itself that the disclosure of the financial information in the Annual Report 2019 complied with the applicable accounting standards and Appendix 16 to the Listing Rules. The Audit Committee therefore resolved to recommend to the Board's approval the consolidated financial statements for the year ended 31 December 2019. • The Audit Committee also recommended to the Board the re-appointment of Deloitte as the Company's external auditor for 2020 and that the related resolution shall be put forth for shareholders' consideration and approval at the 2020 annual general meeting. • The Group's Annual Report 2019 has been reviewed by the Audit Committee.
C.3.2	A former partner of existing auditing firm shall not act as a member of the audit committee for two years from the date of his ceasing to be a partner of or to have any financial interest in, the firm, whichever is later.	C	<ul style="list-style-type: none"> • No member of the Audit Committee is a former partner of the existing auditing firm of the Company during the two years after he/she ceases to be a partner of the auditing firm. • The terms of reference of the Audit Committee were revised with effect from 1 January 2019 to comply with the new requirement under the Listing Rules for prohibiting a former partner of the Company's existing auditing firm from acting as a member of Audit Committee for a period of two years from the later of (a) the date of his/her ceasing to be a partner of the firm; or (b) the date of his/her ceasing to have any financial interest in the firm.
C.3.3	<p>The audit committee's terms of reference should include:</p> <ul style="list-style-type: none"> – recommendations to the board on the appointment, reappointment and removal of external auditor and approval of their terms of engagement; – review and monitor external auditor's independence and objectivity and effectiveness of audit process; – develop and implement policy on engaging an external auditor to supply non-audit services; – review of the company's financial information; and – oversight of the company's financial reporting system, risk management and internal control systems, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the company's accounting and financial reporting function. 	C	<ul style="list-style-type: none"> • The terms of reference of the Audit Committee (both English and Chinese versions), which follow closely the requirements of the CG Code and are modified from time to time and adopted by the Board, are posted on the websites of the Company and HKEx.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.3.4	The audit committee should make available its terms of reference, explaining its role and the authority delegated to it by the board by including them on HKEx's and the company's website.	C	<ul style="list-style-type: none"> The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The Company established the Audit Committee on 26 February 2015 with written terms of reference based on the guidelines recommended by the Hong Kong Institute of Certified Public Accountants. In accordance with the requirements of the CG Code, the terms of reference of the Audit Committee are revised from time to time in terms substantially the same as the provisions set out in the CG Code. The latest version of the terms of reference of the Audit Committee is available on the websites of the Company and HKEx. The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system, risk management and internal control systems, review of the Group's financial information, review of the relationship with the external auditor of the Company and performance of the corporate governance functions delegated by the Board. Regular meetings have been held by the Audit Committee since its establishment. The Audit Committee comprises five Independent Non-executive Directors, namely, Mr. Cheong Ying Chew, Henry (Chairman of the Audit Committee), Mr. Chow Nin Mow, Albert, Ms. Hung Siu-lin, Katherine, Mr. Colin Stevens Russel and Mr. Donald Jeffrey Roberts. The Audit Committee held two meetings in 2019.
C.3.5	Where the board disagrees with the audit committee's view on the selection, appointment, resignation or dismissal of the external auditors, the company should include in the Corporate Governance Report a statement from the audit committee explaining its recommendation and also the reason(s) why the board has taken a different view.	N/A	<ul style="list-style-type: none"> The Audit Committee recommended to the Board that, subject to shareholders' approval at the forthcoming annual general meeting, Deloitte be re-appointed as the Company's external auditor for 2020. The fees for (i) audit services, (ii) tax services and (iii) advisory services provided by the external auditor of the Company for the year ended 31 December 2019 amounted to approximately HK\$27 million, HK\$3 million and HK\$22 million, respectively.
C.3.6	The audit committee should be provided with sufficient resources to perform its duties.	C	<ul style="list-style-type: none"> The Audit Committee has been advised that the Company Secretary can arrange independent professional advice at the expense of the Company should the seeking of such advice be considered necessary by the Audit Committee.
C.3.7	The terms of reference of the audit committee should also require it: <ul style="list-style-type: none"> to review arrangements employees of the company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The audit committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and to act as the key representative body for overseeing the company's relations with the external auditor. 	C	<ul style="list-style-type: none"> The terms of reference of the Audit Committee were adopted with effect from 26 February 2015 to include the requirement to review arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Company has established the Procedures for Reporting Possible Improprieties in Matters of Financial Reporting, Internal Control or Other Matters for employees and those who deal with the Group to raise concerns, in confidence, with the Audit Committee about possible improprieties in matters of financial reporting, internal control or other matters relating to the Group. Such procedures are included into the Company's Employee Handbook and posted on the Company's website. The Company has issued an Employee Handbook to its staff, which contains the mechanism for employees to raise any issues they may have to their department heads and to the Human Resources Department for necessary action (whether these relate to their career development or any other grievances and complaints they may have).

CORPORATE GOVERNANCE REPORT (CONTINUED)

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
D.	DELEGATION BY THE BOARD		
D.1	Management functions <i>Corporate Governance Principle</i> <i>The Company should have a formal schedule of matters specifically reserved for Board approval and those delegated to management.</i>		
D.1.1	When the board delegates aspects of its management and administration functions to management, it must, at the same time, give clear directions as to the management's powers, in particular, where management should report back and obtain prior board approval before making decisions or entering into any commitments on the company's behalf.	C	<ul style="list-style-type: none"> Executive Directors are in charge of different businesses and functional divisions in accordance with their respective areas of expertise. Please refer to the Management Structure Chart set out on page 88. For matters or transactions of a material nature, the same will be referred to the Board for approval. For matters or transactions of a magnitude requiring disclosure under the Listing Rules or other applicable rules or regulations, appropriate disclosure will be made and where necessary, circular will be prepared and shareholders' approval will be obtained in accordance with the requirements of the applicable rules and regulations.
D.1.2	Formalise functions reserved to the board and those delegated to management and to review those arrangements periodically to ensure that they remain appropriate to the company's needs.	C	<ul style="list-style-type: none"> The Board is responsible for the Group's future development directions; overall strategies and policies; evaluation of the performance of the Group and the management; and approval of matters that are of a material or substantial nature. The management is responsible for the day-to-day operations of the Group.
D.1.3	The company should disclose the respective responsibilities, accountabilities and contributions of the board and management.	C	<ul style="list-style-type: none"> Please refer to the Management Structure Chart set out on page 88.
D.1.4	Directors should clearly understand delegation arrangements in place. The company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment.	C	<ul style="list-style-type: none"> In February 2015, formal letters of appointment have been issued to all Directors setting out the key terms and conditions of their respective appointment. Each newly appointed Director will also be issued with a letter of appointment.
D.2	Board Committees <i>Corporate Governance Principle</i> <i>Board Committees should be formed with specific written terms of reference which deal clearly with their authority and duties.</i>		
D.2.1	Where board committees are established to deal with matters, the board should give them sufficiently clear terms of reference to enable them to perform their functions properly.	C	<ul style="list-style-type: none"> Four Board Committees, namely, Audit Committee, Remuneration Committee, Nomination Committee and Executive Committee, have been established with specific terms of reference.
D.2.2	The terms of reference of board committees should require them to report back to the board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).	C	<ul style="list-style-type: none"> Board Committees report to the Board of their decisions and recommendations at the Board meetings.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
D.3	Corporate Governance Functions		
D.3.1	<p>The terms of reference of the board (or a committee or committees performing this function) should include:</p> <ul style="list-style-type: none"> – develop and review the company's policies and practices on corporate governance and make recommendations to the board; – review and monitor the training and continuous professional development of directors and senior management; – review and monitor the company's policies and practices on compliance with legal and regulatory requirements; – develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and – review the company's compliance with the CG Code and disclosure in the Corporate Governance Report. 	C	<ul style="list-style-type: none"> • The terms of reference of the Audit Committee that were adopted with effect from 26 February 2015 includes the following corporate governance functions delegated by the Board: <ol style="list-style-type: none"> 1. Develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; 2. Review and monitor the training and continuous professional development of Directors and senior management; 3. Review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; 4. Develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and 5. Review the Company's compliance with the CG Code and disclosure in this Corporate Governance Report. • At the Audit Committee's meeting held in March 2020, the Audit Committee was satisfied that the above-mentioned corporate governance functions were adhered to, and members of the Audit Committee had examined the Company's policies and practices on corporate governance and compliance with legal and regulatory requirements including:– <ol style="list-style-type: none"> (a) Policy on Handling of Confidential Information, Information Disclosure, and Securities Dealing; (b) Procedures for Reporting Possible Improprieties in Matters of Financial Reporting, Internal Control or Other Matters; (c) Shareholders Communication Policy; (d) Media and Public Engagement Policy; (e) Model Code for Securities Transactions by Directors; (f) Board Diversity Policy (updated in January 2019); (g) Competition Compliance Policy; (h) Director Nomination Policy (with effect from January 2019); and (i) Dividend Policy (with effect from January 2019).
D.3.2	<p>The board should be responsible for performing the corporate governance duties set out in the terms of reference in D.3.1 or it may delegate the responsibility to a committee or committees.</p>	C	<ul style="list-style-type: none"> • The Board has delegated the responsibility of performing the corporate governance duties to the Audit Committee. To that effect, the terms of reference of the Audit Committee as set out in D.3.1 above include the corporate governance functions delegated by the Board.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices																																
E.	COMMUNICATION WITH SHAREHOLDERS																																		
E.1	Effective communication																																		
	Corporate Governance Principle <i>The Board should be responsible for maintaining an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with them and encourage their participation.</i>																																		
E.1.1	For each substantially separate issue at a general meeting, a separate resolution should be proposed by the chairman of that meeting. The company should avoid "bundling" resolutions unless they are interdependent and linked forming one significant proposal. Where the resolutions are "bundled", the company should explain the reasons and material implications in the notice of meeting.	C	<ul style="list-style-type: none"> Separate resolutions were proposed at the 2019 annual general meeting on each substantive issue, including the election of individual directors. 																																
E.1.2	<ul style="list-style-type: none"> The chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee to be available to answer questions at the annual general meeting. The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that requires independent shareholders' approval. The company's management should ensure the external auditor attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence. 	C	<ul style="list-style-type: none"> In 2019, the Chairman and Chairman of each of the Audit Committee, the Remuneration Committee and the Nomination Committee attended the annual general meeting and were available to answer questions. The Chairman was available to answer questions at the extraordinary general meeting of the Company held on 9 October 2019 ("EGM"). Directors' attendance records of 2019 annual general meeting and the EGM are as follows: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Members of the Board</th> <th style="text-align: right;">Attendance</th> </tr> </thead> <tbody> <tr> <td colspan="2">Executive Directors</td> </tr> <tr> <td>Victor T K LI (<i>Chairman and Chairman of the Nomination Committee</i>)</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>KAM Hing Lam</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>IP Tak Chuen, Edmond</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>CHUNG Sun Keung, Davy</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>CHIU Kwok Hung, Justin</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>CHOW Wai Kam, Raymond</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>PAU Yee Wan, Ezra</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>WOO Chia Ching, Grace</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td colspan="2">Independent Non-executive Directors</td> </tr> <tr> <td>CHEONG Ying Chew, Henry (<i>Chairman of the Audit Committee</i>)</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>CHOW Nin Mow, Albert</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>HUNG Siu-lin, Katherine (<i>Chairman of the Remuneration Committee</i>)</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>Colin Stevens RUSSEL*</td> <td style="text-align: right;">2/2</td> </tr> <tr> <td>Donald Jeffrey ROBERTS*</td> <td style="text-align: right;">2/2</td> </tr> </tbody> </table> <p>* Attended the EGM via telephone conference.</p> <ul style="list-style-type: none"> In 2019, the Company's external auditor attended the annual general meeting and was available to answer questions. 	Members of the Board	Attendance	Executive Directors		Victor T K LI (<i>Chairman and Chairman of the Nomination Committee</i>)	2/2	KAM Hing Lam	2/2	IP Tak Chuen, Edmond	2/2	CHUNG Sun Keung, Davy	2/2	CHIU Kwok Hung, Justin	2/2	CHOW Wai Kam, Raymond	2/2	PAU Yee Wan, Ezra	2/2	WOO Chia Ching, Grace	2/2	Independent Non-executive Directors		CHEONG Ying Chew, Henry (<i>Chairman of the Audit Committee</i>)	2/2	CHOW Nin Mow, Albert	2/2	HUNG Siu-lin, Katherine (<i>Chairman of the Remuneration Committee</i>)	2/2	Colin Stevens RUSSEL*	2/2	Donald Jeffrey ROBERTS*	2/2
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E.1.3	The company should arrange for the notice to shareholders to be sent for annual general meeting at least 20 clear business days before the meeting and to be sent at least 10 clear business days for all other general meetings.	C	<ul style="list-style-type: none"> The Company's notice to shareholders for the 2019 annual general meeting and the EGM were sent at least 20 clear business days and at least 10 clear business days before the meetings respectively. 																																

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
E.1.4	The board should establish a shareholders' communication policy and review it on a regular basis to ensure its effectiveness.	C	<ul style="list-style-type: none"> • In February 2015, the Board established a shareholders communication policy and made it available on the Company's website in June 2015. The policy is subject to review on a regular basis to ensure its effectiveness. • The particulars of shareholders' rights relating to, inter alia, convening of general meetings and making enquiries to the Company are as follows: <ol style="list-style-type: none"> 1. The Company has only one class of shares. All shares have the same voting rights and are entitled to the dividends declared. The Articles set out the rights of shareholders. 2. Any two or more shareholders holding not less than one-tenth of the paid-up capital of the Company or any one shareholder which is a recognised clearing house (or its nominee(s)) holding not less than one-tenth of the paid-up capital of the Company may, in accordance with the requirements and procedures set out in the Articles, request the Board to convene an extraordinary general meeting pursuant to Article 73 of the Articles. The objects of the meeting must be stated in the written requisition which must be signed by the requisitioner(s) and deposited at the principal office of the Company in Hong Kong. The notice shall contain, inter alia, a description of the proposed resolution desired to be put forward at the meeting, the reasons for such proposal and any material interest of the proposing shareholder in such proposal. 3. Pursuant to Article 115 of the Articles, if a shareholder wishes to propose a person other than a retiring Director for election as a Director at a general meeting (including annual general meeting), the shareholder should lodge a written notice of his/her intention to propose such person for election as a Director with the Company Secretary during a period, as may from time to time be designated by the Company, of a seven-day period commencing on a day after the dispatch of the notice of the general meeting appointed for such election. If there is a different period for lodgement of the notice, such period shall in any event be a period of not less than seven days, commencing no earlier than the day after the dispatch of the notice of the general meeting and ending no later than seven days prior to the date of such general meeting. Such written notice must be accompanied by a notice signed by the person to be proposed of his/her willingness to be elected as a Director. 4. In conducting a poll, subject to any special rights, privileges or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, every shareholder present in person or by proxy or, in the case of a shareholder being a corporation, by its duly authorised representative, shall have one vote for each share registered in his/her/its name in the register. On a poll a shareholder entitled to more than one vote is under no obligation to cast all his/her/its votes in the same way. 5. Shareholders have the right to receive corporate communications issued by the Company in hard copies or through electronic means in accordance with the manner as specified in Article 176 of the Articles. 6. Shareholders whose shares are held in the Central Clearing and Settlement System (CCASS) may notify the Company from time to time through Hong Kong Securities Clearing Company Limited if they wish to receive the Company's corporate communications. 7. Shareholders and other stakeholders may send their enquiries and concerns, in written form, to the Board by addressing them to the Company Secretary at 7th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.
E.1.5	The Company should have a policy on payment of dividends and should disclose it in the annual report.	C	<ul style="list-style-type: none"> • The Company adopted the Dividend Policy with effect from January 2019 whereby the Board is committed to maintaining an optimal capital structure and investment grade credit ratings. This is pursued to deliver returns to shareholders and ensure that adequate capital resources are available for business growth and investment opportunities. Subject to business conditions, market opportunities and maintenance of the Company's strong investment grade credit ratings, the Board aims to deliver a sustainable dividend that is in line with the earnings improvements and long-term growth of the Company.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices																																								
E.2	Voting by Poll <i>Corporate Governance Principle</i> <i>The Company should ensure that shareholders are familiar with the detailed procedures for conducting a poll.</i>																																										
E.2.1	The chairman of a meeting should ensure that an explanation is provided of the detailed procedures for conducting a poll and answer any questions from shareholders on voting by poll.	C	<ul style="list-style-type: none"> At the 2019 annual general meeting and the EGM, the chairman of the respective meetings explained (through the Company Secretary) the detailed procedures for conducting a poll, and answered questions from shareholders. At the 2019 annual general meeting and the EGM, the chairman of the respective meetings exercised his power under the Articles to put each resolution set out in the notice to be voted by way of a poll. Representatives of the Hong Kong Share Registrar of the Company were appointed as scrutineers to monitor and count the poll votes cast at the 2019 annual general meeting and the EGM. All the resolutions (other than procedural or administrative resolutions) put to vote at the Company's two general meetings were taken by poll. The percentage of votes cast in favour of the resolutions as disclosed in the announcements of the Company dated 16 May 2019 and 9 October 2019 respectively are set out below: <table border="1"> <thead> <tr> <th colspan="2">Resolutions proposed at the 2019 annual general meeting</th> <th>Percentage of Votes</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>To receive the audited Financial Statements, the Report of the Directors and the Independent Auditor's Report for the year ended 31 December 2018</td> <td>99.99%</td> </tr> <tr> <td>2</td> <td>To declare a final dividend</td> <td>99.77%</td> </tr> <tr> <td>3(1)</td> <td>To elect Mr. Kam Hing Lam as Director</td> <td>72.21%</td> </tr> <tr> <td>3(2)</td> <td>To elect Mr. Chung Sun Keung, Davy as Director</td> <td>70.93%</td> </tr> <tr> <td>3(3)</td> <td>To elect Ms. Pau Yee Wan, Ezra as Director</td> <td>74.39%</td> </tr> <tr> <td>3(4)</td> <td>To elect Ms. Woo Chia Ching, Grace as Director</td> <td>70.93%</td> </tr> <tr> <td>3(5)</td> <td>To elect Mr. Donald Jeffrey Roberts as Director</td> <td>97.85%</td> </tr> <tr> <td>4</td> <td>To appoint Messrs. Deloitte Touche Tohmatsu as Auditor and authorise Directors to fix their remuneration</td> <td>96.83%</td> </tr> <tr> <td>5</td> <td>To determine the annual fee payable to each of the Directors for each financial year</td> <td>99.97%</td> </tr> <tr> <td>6(1)</td> <td>To give a general mandate to Directors to issue additional shares of the Company</td> <td>95.94%</td> </tr> <tr> <td>6(2)</td> <td>To give a general mandate to the Directors to buy back shares of the Company</td> <td>99.81%</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Resolution proposed at the EGM</th> <th>Percentage of Votes</th> </tr> </thead> <tbody> <tr> <td>To approve the major transaction that is contemplated by the Company proceeding with the acquisition through CK Noble (UK) Limited, its wholly-owned subsidiary</td> <td>99.39%</td> </tr> </tbody> </table> <ul style="list-style-type: none"> Accordingly, all resolutions put to shareholders at the respective general meetings were duly passed as ordinary resolutions. Poll results were posted on the websites of the Company and HKEx. 	Resolutions proposed at the 2019 annual general meeting		Percentage of Votes	1	To receive the audited Financial Statements, the Report of the Directors and the Independent Auditor's Report for the year ended 31 December 2018	99.99%	2	To declare a final dividend	99.77%	3(1)	To elect Mr. Kam Hing Lam as Director	72.21%	3(2)	To elect Mr. Chung Sun Keung, Davy as Director	70.93%	3(3)	To elect Ms. Pau Yee Wan, Ezra as Director	74.39%	3(4)	To elect Ms. Woo Chia Ching, Grace as Director	70.93%	3(5)	To elect Mr. Donald Jeffrey Roberts as Director	97.85%	4	To appoint Messrs. Deloitte Touche Tohmatsu as Auditor and authorise Directors to fix their remuneration	96.83%	5	To determine the annual fee payable to each of the Directors for each financial year	99.97%	6(1)	To give a general mandate to Directors to issue additional shares of the Company	95.94%	6(2)	To give a general mandate to the Directors to buy back shares of the Company	99.81%	Resolution proposed at the EGM	Percentage of Votes	To approve the major transaction that is contemplated by the Company proceeding with the acquisition through CK Noble (UK) Limited, its wholly-owned subsidiary	99.39%
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Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
F. COMPANY SECRETARY			
<p>Corporate Governance Principle <i>The Company Secretary plays an important role in supporting the Board by ensuring good information flow within the Board and that Board policy and procedures are followed. The Company Secretary is responsible for advising the Board through the Chairman and/or the Managing Director on governance matters and should also facilitate induction and professional development of Directors.</i></p>			
F.1.1	The company secretary should be an employee of the company and have day-to-day knowledge of the company's affairs.	C	<ul style="list-style-type: none"> The Company has appointed an employee of the Company to be the Company Secretary of the Company since its incorporation in January 2015. The Company Secretary confirmed that she has complied with all the required qualifications, experience and training requirements under the Listing Rules for the year ended 31 December 2019. The Company Secretary ensures the effective conduct of Board meetings and that Board procedures are duly followed. The Company Secretary prepares written resolutions and minutes as appropriate and keeps records of substantive matters discussed and decisions resolved at all Board and Board Committee meetings. The Company Secretary advises the Board from time to time on compliance with all applicable laws, rules and regulations in relation to the investments of the Group and keeps the Board abreast of relevant legislative, regulatory and corporate governance developments.
F.1.2	The board should approve the selection, appointment or dismissal of the company secretary.	C	<ul style="list-style-type: none"> The appointment and removal of the Company Secretary is subject to Board approval in accordance with the Articles.
F.1.3	The company secretary should report to the board chairman and/or the chief executive.	C	<ul style="list-style-type: none"> The Company Secretary reports to the Board through the Chairman whilst all members of the Board have access to the advice of the Company Secretary.
F.1.4	All directors should have access to the advice and services of the company secretary to ensure that board procedures, and all applicable law, rules and regulations, are followed.	C	<ul style="list-style-type: none"> Directors have access to the Company Secretary and key officers of the Company Secretarial Department who are responsible to the Board for ensuring that Board procedures, and all applicable rules and regulations, are followed. Memoranda are issued and other resources (such as the Stock Exchange's webcasts on corporate governance) are relayed and directors' trainings are arranged to Directors from time to time to update them with legal and regulatory changes and matters of relevance to Directors in the discharge of their duties.

CORPORATE GOVERNANCE REPORT (CONTINUED)

II. Recommended Best Practices

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.	DIRECTORS		
A.1	The Board <i>Corporate Governance Principle</i> <i>The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.</i> <i>The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether he is spending sufficient time performing them.</i>		
There is no recommended best practice under Section A.1 in the CG Code.			
A.2	Chairman and Chief Executive <i>Corporate Governance Principle</i> <i>There should be a clear division of responsibilities between the Chairman and the Managing Director of the Company to ensure a balance of power and authority.</i>		
There is no recommended best practice under Section A.2 in the CG Code.			
A.3	Board composition <i>Corporate Governance Principle</i> <i>The Board should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and should include a balanced composition of Executive and Non-executive Directors so that independent judgement can effectively be exercised.</i>		
A.3.3	The Board should state its reasons if it determines that a proposed director is independent notwithstanding that the individual holds cross-directorships or has significant links with other directors through involvements in other companies or bodies.	C	<ul style="list-style-type: none"> The Board considered that cross-directorships should not be regarded as having significant links with other directors and cross-directorships would not compromise the independence of the Company's Independent Non-executive Directors since they are professionals with high esteem and integrity, experts in their specific field with wide spectrum of skills and experience, and financially independent.
A.4	Appointments, re-election and removal <i>Corporate Governance Principle</i> <i>There should be a formal, considered and transparent procedure for the appointment of new Directors and plans in place for orderly succession for appointments. All Directors should be subject to re-election at regular intervals.</i>		
There is no recommended best practice under Section A.4 in the CG Code.			
A.5	Nomination Committee <i>Corporate Governance Principle</i> <i>In carrying out its responsibilities, the nomination committee should give adequate consideration to the principles under Sections A.3 and A.4 in the CG Code.</i>		
There is no recommended best practice under Section A.5 in the CG Code.			
A.6	Responsibilities of directors <i>Corporate Governance Principle</i> <i>Every Director must always know his responsibilities as a Director of the Company and its conduct, business activities and development.</i>		
There is no recommended best practice under Section A.6 in the CG Code.			

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.7	Supply of and access to information <i>Corporate Governance Principle</i> <i>Directors should be provided in a timely manner with appropriate information in the form and quality to enable them to make an informed decision and perform their duties and responsibilities.</i>		
There is no recommended best practice under Section A.7 in the CG Code.			
B.	REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT AND BOARD EVALUATION		
B.1	The level and make-up of remuneration and disclosure <i>Corporate Governance Principle</i> <i>The Company should disclose its Director's remuneration policy and other remuneration related matters. The procedure for setting policy on Executive Directors' remuneration and all Directors' remuneration packages should be formal and transparent.</i>		
B.1.6	Where the board resolves to approve any remuneration or compensation arrangements with which the remuneration committee disagrees, the board should disclose the reasons for its resolution in its next Corporate Governance Report.	N/A	<ul style="list-style-type: none"> The Board has never approved any remuneration or compensation arrangements which have previously been rejected by the Remuneration Committee.
B.1.7	A significant proportion of executive directors' remuneration should link rewards to corporate and individual performance.	C	<ul style="list-style-type: none"> In 2019, a significant proportion of Executive Directors' remuneration has been structured to link rewards to corporate and individual performance. Please refer to note 4 in the Notes to Consolidated Financial Statements for details of discretionary bonus.
B.1.8	The company should disclose details of any remuneration payable to members of senior management, on an individual and named basis, in the annual reports.	C	<ul style="list-style-type: none"> The Board has resolved that the senior management of the Company comprises only the Executive Directors of the Company. Please refer to note 4 in the Notes to Consolidated Financial Statements for details of the remuneration payable to the Directors.
B.1.9	The board should conduct a regular evaluation of its performance.	E	<ul style="list-style-type: none"> The performances of the Board or individual Director are best reflected by the Company's results and stock price performance, as well as the Company's decisions to retain the individuals as its Directors.

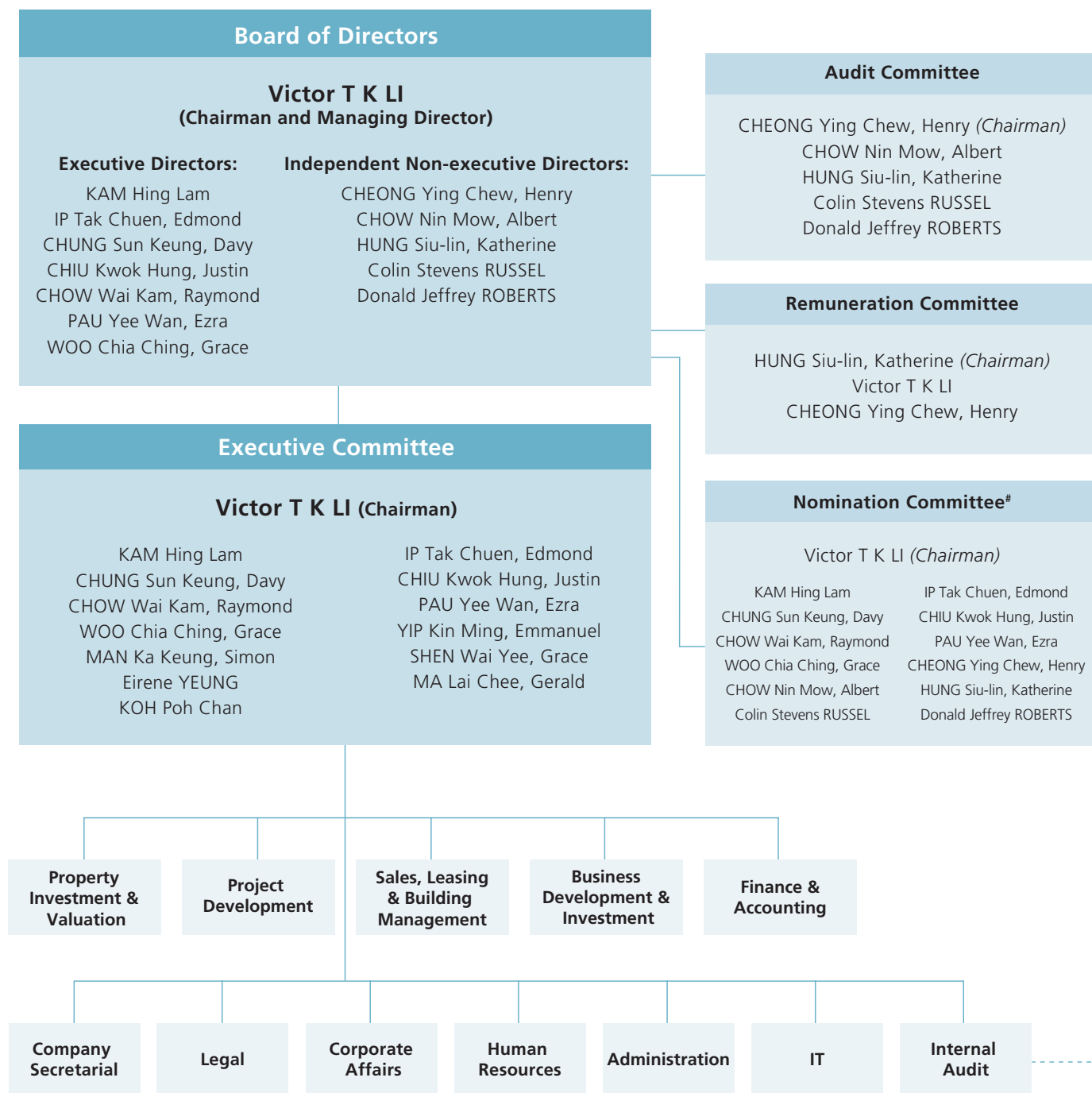
CORPORATE GOVERNANCE REPORT (CONTINUED)

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C. ACCOUNTABILITY AND AUDIT			
C.1 Financial reporting			
<p>Corporate Governance Principle <i>The Board should present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects.</i></p>			
C.1.6 – C.1.7	<p>– The company should announce and publish quarterly financial results within 45 days after the end of the relevant quarter. These should disclose sufficient information to enable shareholders to assess the company's performance, financial position and prospects. The company's quarterly financial results should be prepared using the accounting policies of its half-year and annual accounts.</p> <p>– Once the company announces quarterly financial results, it should continue to do so for each of the first 3 and 9 months periods of subsequent financial years. Where it decides not to continuously announce and publish its financial results for a particular quarter, it should announce the reason(s) for this decision.</p>	E	<ul style="list-style-type: none"> • The Company issued half-yearly financial results within 2 months after the end of the relevant period, and annual financial results within 3 months after the end of the relevant year. In addition, all significant transactions and inside information have been announced and disclosed in accordance with the Listing Rules during the year. The shareholders of the Company are therefore able to assess the performance, financial position and prospects of the Company. The Company does not consider it necessary, nor is it in the interests of the Company and its shareholders, to issue quarterly financial results. This would result in incurring costs disproportionate to any additional benefits to the shareholders. • Quarterly financial reports may not fairly reflect the actual performance of the Company given that the development cycle of property projects often spans a period of three to five years.
C.2 Risk management and internal control			
<p>Corporate Governance Principle <i>The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board should oversee management in the design, implementation and monitoring of the risk management and internal control systems, and management should provide a confirmation to the Board on the effectiveness of these systems.</i></p>			
C.2.6	The board may disclose in the Corporate Governance Report that it has received a confirmation from management on the effectiveness of the company's risk management and internal control systems.	C	<ul style="list-style-type: none"> • Please refer to C.2.1 – C.2.5 above for the details.
C.2.7	The board may disclose in the Corporate Governance Report details of any significant areas of concern.	C	<ul style="list-style-type: none"> • Please refer to C.2.1 – C.2.5 above for the details.

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.3	Audit Committee <i>Corporate Governance Principle</i> <i>The Board should establish formal and transparent arrangements to consider how it will apply financial reporting, risk management and internal control principles and maintain an appropriate relationship with the Company's auditors.</i>		
C.3.8	The audit committee should establish a whistleblowing policy and system for employees and those who deal with the company (e.g. customers and suppliers) to raise concerns, in confidence, with the audit committee about possible improprieties in any matter related to the company.	C	<ul style="list-style-type: none"> Please refer to C.3.7 above for the details.
D.	DELEGATION BY THE BOARD		
D.1	Management functions <i>Corporate Governance Principle</i> <i>The Company should have a formal schedule of matters specifically reserved for Board approval and those delegated to management.</i>		
There is no recommended best practice under Section D.1 in the CG Code.			
D.2	Board Committees <i>Corporate Governance Principle</i> <i>Board Committees should be formed with specific written terms of reference which deal clearly with their authority and duties.</i>		
There is no recommended best practice under Section D.2 in the CG Code.			
D.3	Corporate Governance Functions		
There is no recommended best practice under Section D.3 in the CG Code.			
E.	COMMUNICATION WITH SHAREHOLDERS		
E.1	Effective communication <i>Corporate Governance Principle</i> <i>The Board should be responsible for maintaining an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with them and encourage their participation.</i>		
There is no recommended best practice under Section E.1 in the CG Code.			
E.2	Voting by Poll <i>Corporate Governance Principle</i> <i>The Company should ensure that shareholders are familiar with the detailed procedures for conducting a poll.</i>		
There is no recommended best practice under Section E.2 in the CG Code.			
F.	COMPANY SECRETARY <i>Corporate Governance Principle</i> <i>The Company Secretary plays an important role in supporting the Board by ensuring good information flow within the Board and that Board policy and procedures are followed. The Company Secretary is responsible for advising the Board through the Chairman and/or the Managing Director on governance matters and should also facilitate induction and professional development of Directors.</i>		
There is no recommended best practice under Section F in the CG Code.			

CORPORATE GOVERNANCE REPORT (CONTINUED)

Management Structure Chart

[#] Established on 1 January 2019

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORTING PERIOD AND FRAMEWORK

This Environmental, Social and Governance (“ESG”) Report (“ESG Report”) summarises the ESG policies, initiatives and performance of CK Asset Holdings Limited (“Company”) and its subsidiaries (collectively, “Group”) as well as demonstrates its commitment to sustainability for the year ended 31 December 2019 (“Reporting Period”). It is prepared in accordance with the ESG Reporting Guide (“Reporting Guide”) set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”).

SCOPE OF REPORTING

The ESG Report is organised into two sections, focusing on environment and social aspects respectively. The ESG Report covers the Group’s businesses and operations of property development and investment, hotel and serviced suites operation, property and project management and aircraft leasing, over which it had direct management control during the Reporting Period, unless otherwise specified.

The ESG Report does not cover therefore the following investments, as the Group did not have direct management control during the Reporting Period:

- 40% interest in the CK William Group, which comprises Multinet Gas Networks, Dampier Bunbury Pipeline, United Energy, and Energy Developments, is an owner and operator of energy utility assets in Australia, the United States, Canada, and the United Kingdom;
- 75% interest in the building equipment and service provider under the consumer brand identity of “Reliance Home Comfort” in Canada; and
- 65% interest in ista Luxemburg GmbH, which is a fully integrated energy management service provider in Europe.

During the Reporting Period, the Group acquired 100% interest in Greene King, an integrated brewer and pub retailer with approximately 38,000 staff, operating over 2,700 pubs, restaurants and hotels across England, Wales and Scotland. Since the investment has been held for less than a full financial year, the ESG Report focuses mainly on the ESG aspects of the Group’s responsible investment policy in respect of this newly acquired business. The relevant ESG information and data of Greene King will be included in the next ESG Report as appropriate.

Information relating to the Group’s corporate governance practices can be found in the Corporate Governance Report on pages 54 to 88.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

APPROACH TO ESG AND ESG REPORTING

As a multinational corporation, the Company recognises the importance of operating businesses in a sustainable way. The Group's ESG approach is to factor the concept of sustainability into our business operations with a view to creating long-term value for customers, employees, business partners, shareholders, investors and the wider community. The Board oversees the Group's overall ESG direction. A cross-departmental ESG working group is responsible for the implementation of ESG practices and control systems in the Group's operations and businesses. The ESG working group comprises members designated by the management team spanning across the accounts department, administration department, building cost & contract department, China department, company secretarial department, construction audit & quality assurance department, construction management department, corporate affairs department, corporate business development department, development department, E & M department, human resources department, information technology department, internal audit department, legal department, sales department, sales department – building management, aircraft leasing, the Hutchison Property Group, and Harbour Plaza Hotel Management Group. ESG performance is measured and reviewed as well as reported to the management team who will then confirm to the Board through the Audit Committee whether appropriate and effective ESG risk management and internal control systems are in place.

When deciding to make new investments, the investment committee of the Group takes into account the ESG performance of the targeted investment (where applicable). Due diligence of relevant ESG aspects of the target business is conducted, and performance criteria such as compliance with environmental regulations, labour supply and relations, supply chain and customers, environmental and social risks, management capability, integrity and financial management are applied. Relevant ESG aspects are properly assessed and considered as part of the overall investment decision. Continuous monitoring of the ESG performance of the Group's invested businesses is conducted through representation on the boards of the businesses after acquisition. The management teams of the newly invested businesses are required to report and disclose material and relevant ESG and performance at regular board meetings and board committee meetings.

As in the previous reporting years, an independent consultant has been retained to provide reporting advisory services to the Company and to assist with the Company's compilation of the ESG Report in accordance with the requirements of the Reporting Guide. For the purpose of meeting the said requirements, the ESG working group continues to identify and assess material ESG aspects of the Group's businesses and operations.

STAKEHOLDER ENGAGEMENT

To better understand stakeholders' concerns and expectations, the Group engages its key stakeholders, including employees, shareholders, investors, investees, tenants, customers, suppliers, government bodies as well as local communities, from time to time through various channels, such as meetings, surveys and e-communication platforms.

During the Reporting Period, the ESG working group held various meetings to consider and discuss any necessary updating of the materiality ESG aspects of the ESG reporting as well as to discuss, identify and assess the existing and potential material ESG issues including but not limited to climate changes, in the light of the anticipated changes relating to ESG reporting requirements.

The Group continues to enhance its performance, deliver products and services that address stakeholders' needs and create greater value for the wider community on a sustainable basis. Over 50 key stakeholders (including delegates from the Executive Directors and/or department heads) were engaged in the preparation of the ESG Report.

SUSTAINABILITY GOVERNANCE

Information and data collection templates formulated based on the assessed material ESG aspects, are adopted and used for collection of ESG information and data from relevant departments and business units of the Group. The ESG Report is prepared based on the information and data so collected. The ESG Report has been reviewed by the independent consultant which confirms that disclosures made by the Company in the ESG Report meets with the requirements of the Reporting Guide. The management confirms that appropriate and effective ESG risk management and internal control systems are in place.

MATERIALITY ASSESSMENT

Based on the ESG aspects set out in the Reporting Guide, feedback was obtained from stakeholders for identifying and determining the material ESG aspects to be covered in the ESG Report. The results are shown in the table below, together with the aspects of the Reporting Guide to which they relate:

<i>ESG aspects set out in the Reporting Guide</i>			<i>Material ESG aspects</i>
A. Environmental	A1	Emissions ^(Note i)	<ul style="list-style-type: none"> Managing Greenhouse Gases Waste Minimisation
	A2	Use of Resources	<ul style="list-style-type: none"> Achieving Higher Energy Efficiency Reducing Use of Water Reducing Use of Packaging Materials
	A3	The Environment and Natural Resources	<ul style="list-style-type: none"> Managing Other Environmental Impacts
B. Social	B1	Employment	<ul style="list-style-type: none"> Fair Employment Practices
	B2	Health and Safety	<ul style="list-style-type: none"> Health and Safety Management
	B3	Development and Training	<ul style="list-style-type: none"> Talent Development
	B4	Labour Standards	<ul style="list-style-type: none"> Anti-Child and Forced Labour
	B5	Supply Chain Management	<ul style="list-style-type: none"> Responsible Procurement Practices
	B6	Product Responsibility ^(Note ii)	<ul style="list-style-type: none"> Maintaining Products and Services Quality Protecting Personal Data Privacy and Intellectual Property
	B7	Anti-corruption	<ul style="list-style-type: none"> Anti-Bribery and Anti-Corruption
	B8	Community Investment	<ul style="list-style-type: none"> Contributions to Society

Notes:

- (i) Due to the nature of the Group's business activities in property development and investment, hotel and serviced suites operation, property and project management and aircraft leasing, the data collected during the Reporting Period relating to air emissions or water discharges is assessed as immaterial.
- (ii) Due to the nature of the Group's business activities in property development and investment, hotel and serviced suites operation, property and project management, and aircraft leasing, the data collected during the Reporting Period relating to product recall, labelling and advertising is assessed as either immaterial or irrelevant.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

A. ENVIRONMENTAL

A1: Emissions

Managing Greenhouse Gases (“GHG”)

The Group is committed to managing GHG by incorporating green practices in its daily operations. During the Reporting Period, the Group took various actions to manage GHG. Notable examples include: performing carbon audits in certain residential, commercial or industrial properties managed by the Group’s property management subsidiaries (“Managed Properties”); using low-emissions equipment in certain offices, hotels of the Harbour Plaza Hotel Management Group (“Hotels”) and Managed Properties; using environmentally friendly refrigerants in air-conditioners installed in certain Hotels and Managed Properties; requiring restaurants at the Hotels and Managed Properties to apply practical pollution control measures against cooking fume emissions; and using ultra-low sulphur diesel oil for the emergency generators in the Hotels.

Various actions were also taken by the Group to manage GHG emissions from the construction contractors at different construction sites of the Group’s property development projects, such as: establishing environmental monitoring committee or similar oversight bodies; monitoring contractors’ emissions performance; requesting contractors to deploy machinery and vehicles at the construction sites of the Group’s development projects the emissions from which comply with international green standards or the government standards; requiring contractors to reduce engine speed of vehicles or shut down vehicles and plants in intermittent use between work periods; and prohibiting the burning of refuse within site areas.

In 2019, Citybase Property Management Limited (“Citybase”), Goodwell Property Management Limited (“Goodwell”) and Hutchison Property Management Company Limited achieved ISO 14001 certification.

In recognition of the Group’s effort in carbon reduction, certain Hotels and Managed Properties achieved the Certificate in Tree Conservation Scheme and were recognised as Hong Kong Green Organisations in a programme led by the Environmental Campaign Committee (ECC) alongside the Environmental Protection Department and in conjunction with nine other organisations in 2019.

Table 1: GHG emissions of the Group in 2018 and 2019 (Note 1)

Scope of GHG Emission (Note 2)	Unit	2019	2018
Property Development (Note 3)			
Scope 1 – Direct GHG emissions	Tonnes CO ₂ e	–	–
Scope 2 – Indirect GHG emissions	Tonnes CO ₂ e	–	–
Scope 3 – Other indirect GHG emissions (Note 4)	Tonnes CO ₂ e	27,135.50	115,616.27
Total GHG emissions	Tonnes CO ₂ e	27,135.50	115,616.27
GHG emission intensity (Note 5)	Tonnes CO ₂ e/sq.ft.	0.0008	0.0029
Property Management			
Scope 1 – Direct GHG emissions	Tonnes CO ₂ e	17,590.79	17,469.89
Scope 2 – Indirect GHG emissions	Tonnes CO ₂ e	288,628.74	307,919.92
Scope 3 – Other indirect GHG emissions	Tonnes CO ₂ e	4,083.33	3,943.96
Total GHG emissions	Tonnes CO ₂ e	310,302.86	329,333.77
GHG emission intensity (Note 5)	Tonnes CO ₂ e/sq.ft.	0.0022	0.0024
Hotel and Serviced Suites Operation (Note 6)			
Scope 1 – Direct GHG emissions (Note 7)	Tonnes CO ₂ e	6,026.94	4,831.07
Scope 2 – Indirect GHG emissions	Tonnes CO ₂ e	87,253.55	95,792.18
Scope 3 – Other indirect GHG emissions	Tonnes CO ₂ e	1,436.25	1,651.13
Total GHG emissions	Tonnes CO ₂ e	94,716.74	102,274.38
GHG emission intensity (Note 5)	Tonnes CO ₂ e/sq.ft.	0.013	0.014
Aircraft Leasing (Note 8)			
Scope 1 – Direct GHG emissions	Tonnes CO ₂ e	–	–
Scope 2 – Indirect GHG emissions	Tonnes CO ₂ e	91.83	78.37
Scope 3 – Other indirect GHG emissions	Tonnes CO ₂ e	1.77	0.70
Total GHG emissions (Note 9)	Tonnes CO ₂ e	93.60	79.07
GHG emission intensity (Note 5)	Tonnes CO ₂ e/sq.ft.	0.010	0.011
Offices			
Scope 1 – Direct GHG emissions	Tonnes CO ₂ e	331.50	423.41
Scope 2 – Indirect GHG emissions	Tonnes CO ₂ e	4,857.64	5,481.13
Scope 3 – Other indirect GHG emissions	Tonnes CO ₂ e	468.32	525.59
Total GHG emissions	Tonnes CO ₂ e	5,657.46	6,430.13
GHG emission intensity (Note 5)	Tonnes CO ₂ e/sq.ft.	0.009	0.010

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Notes:

- (1) GHG emissions data of 2018 include 20 construction sites, 212 managed properties, 15 hotels and serviced suites in Hong Kong and self-occupied offices. GHG emissions data of 2019 include 20 construction sites, 211 managed properties, 15 hotels and serviced suites in Hong Kong and self-occupied offices. Besides GHG emissions, no other material air emissions or water discharges were identified in the Group's direct operations.
- (2) Carbon emissions are calculated with reference to the Greenhouse Gas Protocol published by the World Resources Institute (WRI) and the World Business Council on Sustainable Development (WBCSD), and the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong, published by the Environmental Protection Department and the Electrical and Mechanical Services Department. Emission factors are updated on an annual basis, in order to reflect the actual situation of emissions.
- (3) All property development projects were undertaken by contractors. Therefore, the related GHG emissions (which are calculated based on the data provided by contractors) are reported under Scope 3 – Other indirect GHG emissions.
- (4) In 2018, a construction project on the Mainland commenced construction and foundation excavation. During the Reporting Period, the disposal of such construction project resulted in a significant decrease in other indirect GHG emissions.
- (5) Intensities are calculated using the following metrics according to the nature of each business segment:
 - Property Development: Total gross floor area of construction projects;
 - Property Management: Total gross floor area of managed properties;
 - Hotel and Serviced Suites Operation: Total gross floor area of hotels and serviced suites;
 - Aircraft Leasing: Total gross floor area of self-occupied offices; and
 - Offices: Total gross floor area of self-occupied offices.
- (6) The data of hotel and serviced suites operation include GHG emissions from tenants and hotel guests.
- (7) A significant increase in direct GHG emissions was resulted from increased usage of refrigerant due to the replacement of old air-conditioning machines in some of hotel and serviced suite operation.
- (8) The data for the aircraft leasing business covers only GHG emissions relating to the office space occupied by the business because the Group does not operate the aircraft that it owns and has no direct control over the GHG emissions of the aircraft operated by its airline customers. During the Reporting Period, all personnel and back office operations were transferred to AMCK Aviation Ireland Holdings Limited, which is an indirectly wholly-owned subsidiary of a joint venture of the Company, Mitsubishi Corporation and the Li Ka Shing (Global) Foundation.
- (9) During the Reporting Period, the office space occupied by the aircraft leasing business platform expanded, and this resulted in an increase in the total GHG emissions but a slight decrease in the GHG emission intensity.

Waste Minimisation

The Group is committed to minimising waste by avoiding generation of waste at source and reusing and recycling waste produced.

With respect to the Group's property development business, the Group strives to avoid generating unnecessary waste through various actions, including proper inventory planning and construction site management, use of precast units, segregating and recycling of certain materials such as timber, rubble, steel and metal. Contractors are also required to submit a waste management plan and to comply with a set of waste management procedures for handling non-hazardous and hazardous waste, which must be collected by qualified and licensed waste collectors in accordance with the applicable regulations.

With respect to the Group's property management, hotels and serviced suites operation, employees are encouraged to use less paper by duplex printing and copying, and to use e-platforms for internal communication in order to reduce waste generated. Instructions are given to relevant staff in all serviced suites for proper labelling the hazardous waste. The Harbour Plaza Hotel Management Group continues to participate in a plastic bottle recycling programme and soap recycling programme in 2019 to collect, sanitize and recycle slightly used soaps and bathroom amenities for distributing to underprivileged families and schools in disadvantaged communities around the world. In addition, the Group's property management subsidiaries establish key performance indicator for waste reduction target and raise the environmental awareness of tenants and owners of the Managed Properties by providing recycling facilities and encouraging them to participate in various green activities, such as the Programme on Source Separation of Domestic Waste organized by the Environmental Protection Department, the Food Wise Charter, Recycling Weeks at South Horizons. New umbrella dryer racks are also procured to reduce the distribution of disposal plastic umbrella bag.

In 2019, 68 Wastewi\$e Certificates were awarded to certain Managed Properties in recognition of their efforts in adopting measures to reduce the amount of waste generated.

Table 2: Waste generated by the Group in 2018 and 2019 (Note 10)

Type of Waste Disposed	Unit	2019	2018
Property Development (Note 11)			
Non-hazardous waste (Note 12)	Tonnes	40,813.98	688,687.90
Hazardous waste	Tonnes	24.66	39.89
Property Management			
Non-hazardous waste	Tonnes	112.91	114.89
Hazardous waste	Tonnes	6.58	6.91
Hotels and Serviced Suites			
Non-hazardous waste	Tonnes	111.49	111.45
Hazardous waste	Tonnes	–	–
Aircraft Leasing (Note 13)			
Non-hazardous waste	Tonnes	1.05	0.96
Hazardous waste	Tonnes	–	–
Offices			
Non-hazardous waste	Tonnes	131.93	105.34
Hazardous waste	Tonnes	0.45	0.45

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Type of Waste Recycled	Unit	2019	2018
Property Development ^(Note 11)			
Concrete, steel and metals, mixed rock and soil and other construction waste ^(Note 14)	Tonnes	12,608.83	30,218.56
Property Management			
Paper	Tonnes	6,014.21	7,044.65
Glass bottle	Tonnes	106.66	104.96
Aluminium can	Tonnes	196.78	194.31
Plastic bottle	Tonnes	337.60	380.45
Hotels and Serviced Suites Operation			
Paper	Tonnes	48.64	48.64
Glass bottle	Tonnes	–	–
Aluminium can	Tonnes	–	–
Plastic bottle	Tonnes	24.79	22.91
Aircraft Leasing ^(Note 13)			
Paper	Tonnes	1.05	0.96
Glass bottle	Tonnes	0.22	0.74
Aluminium can	Tonnes	–	–
Plastic bottle	Tonnes	–	–
Offices			
Paper	Tonnes	75.71	50.81
Glass bottle	Tonnes	0.02	0.03
Aluminium can	Tonnes	0.08	0.11
Plastic bottle	Tonnes	0.37	0.40

Notes:

- (10) Waste data of 2018 include 20 construction sites, 212 managed properties, 15 hotels and serviced suites in Hong Kong and self-occupied offices. Waste data of 2019 include 20 construction sites, 211 managed properties, 15 hotels and serviced suites in Hong Kong and self-occupied offices.
- (11) The data of property development business are provided by contractors of the property development projects.
- (12) In 2018, a construction project on the Mainland commenced construction and foundation excavation. During the Reporting Period, the disposal of such construction project resulted in a significant decrease in non-hazardous waste.
- (13) As the Group does not operate the aircraft that it owns and has no direct control over the waste generated by the aircraft operated by its airline customers, the reported figures cover only the waste generated in relation to the office space occupied by the aircraft leasing business. During the Reporting Period, all personnel and back office operations were transferred to AMCK Aviation Ireland Holdings Limited, which is an indirectly wholly-owned subsidiary of a joint venture of the Company, Mitsubishi Corporation and the Li Ka Shing (Global) Foundation.
- (14) The decrease is attributable to the different stages of the property development projects. Some of the sites have proceeded from foundation work to superstructure work.

A2: Use of Resources

Achieving Higher Energy Efficiency

The Group achieves higher energy efficiency through adopting resource efficiency and eco-friendly measures and by optimising the use of resources in its business operations.

The Group is committed to minimising the environmental impact of its development properties from as early as the planning and design stage through using environmentally friendly design or products such as lighting and motion detecting device, application of variable speed drive in chiller plant for air-conditioning, using double-glazing with Low-E glass and insulated window frames, optimising the size of windows. These help to reduce energy consumption without compromising comfort levels in the buildings.

Various energy saving practices are also implemented in certain Hotels, serviced suites and Managed Properties, including establishing energy saving guideline, installing energy efficient lighting appliances, reducing number of lifts operating at mid-night, adopting naturally ventilated guest floor corridors, encouraging guests to open suites windows to save energy on operating air-conditioning and using renewable energy or utilising natural sunlight for interior lighting. The Group also encourages its employees, hotel or serviced suites guests and tenants to adopt a more environmentally friendly way of living and performs monthly electricity consumption analysis for monitoring purposes.

All the Hotels and serviced suites and selected Managed Properties, participated in “Earth Hour”, which is the world’s annual environment event aimed at raising public awareness of energy saving and carbon reduction for a sustainable future through switching off non-essential lighting. The Group has also participated in the following programmes and pledged to make efforts to save energy in Hotels and Managed Properties:

- 4Ts (target, timeline, transparency, together) Charter;
- Energy Saving Charter; and
- Green Office Award Labelling Scheme.

In recognition of the Group’s effort in environmental performance, certain Managed Properties achieved the following awards in 2019:

- Hong Kong Awards for Environmental Excellence; and
- “EcoChallenger”, “EcoPartner” and “3 Year + EcoPioneer” in BOCHK Corporate Environmental Leadership Awards.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Table 3: Electricity consumption of the Group in 2018 and 2019 ^(Note 15)

Electricity ^(Note 16)	Unit	2019	2018
Property Development ^(Note 17)			
Electricity consumption	kWh	24,044,444	40,746,913
Electricity consumption intensity ^(Note 18)	kWh/sq.ft.	0.70	1.01
Property Management ^(Note 19)			
Electricity consumption	kWh	493,229,967	513,198,880
Electricity consumption intensity ^(Note 18)	kWh/sq.ft.	3.45	3.68
Hotels and Serviced Suites Operation ^(Note 20)			
Electricity consumption	kWh	171,075,216	172,095,541
Electricity consumption intensity ^(Note 18)	kWh/sq.ft.	23.92	24.07
Aircraft Leasing			
Electricity consumption	kWh	210,329	179,505
Electricity consumption intensity ^(Note 18)	kWh/sq.ft.	21.82	24.13
Offices			
Electricity consumption	kWh	7,644,568	8,448,618
Electricity consumption intensity ^(Note 18)	kWh/sq.ft.	12.40	13.04

Notes:

- (15) Electricity data of 2018 include 20 construction sites, 212 managed properties, 15 hotels and serviced suites in Hong Kong and self-occupied offices. Electricity data of 2019 include 20 construction sites, 211 managed properties, 15 hotels and serviced suites in Hong Kong and self-occupied offices.
- (16) Electricity accounts for over 95% of the energy consumed by the Group. Accordingly, other energy consumed by the Group is considered to be insignificant and is not disclosed in the ESG Report. Nevertheless, the Group will continue to monitor the consumption of other energy.
- (17) The data of the property development business include data provided by contractors of the property development projects.
- (18) Intensities are calculated using the following metrics according to the nature of each business segment:
- Property Development: Total gross floor area of construction projects;
 - Property Management: Total gross floor area of managed properties;
 - Hotel and Serviced Suites Operation: Total gross floor area of hotels and serviced suites;
 - Aircraft Leasing: Total gross floor area of self-occupied offices; and
 - Offices: Total gross floor area of self-occupied offices.
- (19) The data of property management business only include energy consumption in common areas and air-conditioning systems in managed properties which are under the control of the Group.
- (20) The data of hotels and serviced suites operation include energy consumption of tenants and hotel guests.

Reducing Use of Water

The Group is committed to reducing the use of water by promoting awareness of water conservation amongst its employees, contractors, tenants and hotel guests. Actions taken by the Group include:

- displaying labels in the offices to remind employees to avoid unnecessary resource consumption;
- sharing sessions about environmental practices during staff meetings of Citybase;
- organising activities in certain Managed Properties to promote green awareness on the part of residents, tenants and owners;
- posting notices in the Hotels to raise guests' awareness of ecological matters and energy saving measures; and
- incorporating conservation of water as one of the conditions in the license agreement for the Group's serviced suites.

Measures are also incorporated into the operations of certain Hotels, serviced suites and Managed Properties to reduce the use of freshwater, including using sea water for flushing systems and chiller plants, monitoring and reporting on water usage and implementing rainwater collection systems for landscaping or cleaning purposes.

In 2019, a total of 104 certificates were awarded to certain Managed Properties by the Water Supplies Department under the Quality Water Supply Scheme for Buildings – Fresh Water (Management System) and under the Quality Water Supply Scheme for Buildings – Flushing Water, in recognition of their well-maintained internal plumbing systems.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Table 4: Water consumption of the Group in 2018 and 2019 (Note 21)

Water	Unit	2019	2018
Property Development (Note 22)			
Water consumption (Note 23)	m ³	1,168,446	3,025,359
Water consumption intensity (Note 24)	m ³ /sq.ft.	0.03	0.08
Property Management			
Water consumption	m ³	4,048,152	3,881,968
Water consumption intensity (Note 24)	m ³ /sq.ft.	0.03	0.03
Hotels and Serviced Suites Operation (Note 25)			
Water consumption	m ³	1,902,086	1,921,854
Water consumption intensity (Note 24)	m ³ /sq.ft.	0.27	0.27
Aircraft Leasing			
Water consumption	m ³	642	663
Water consumption intensity (Note 24)	m ³ /sq.ft.	0.07	0.09
Offices			
Water consumption	m ³	14,238	21,141
Water consumption intensity (Note 24)	m ³ /sq.ft.	0.02	0.03

Notes:

- (21) Water consumption data of 2018 include 20 construction sites, 212 managed properties, 15 hotels and serviced suites in Hong Kong and self-occupied offices. Water consumption data of 2019 include 20 construction sites, 211 managed properties, 15 hotels and serviced suites in Hong Kong and self-occupied offices. During the Reporting Period, the Group mainly consumed municipal water and no issue in sourcing water was identified.
- (22) The data of property development business include data provided by contractors of the property development projects.
- (23) In 2018, superstructure works of a property development project commenced resulting in the increase in water consumption by the property development business. Such superstructure works were completed in 2019 resulting in the decrease in water consumption.
- (24) Intensities are calculated using the following metrics according to the nature of each business segment:
- Property Development: Total gross floor area of construction projects;
 - Property Management: Total gross floor area of managed properties;
 - Hotel and Serviced Suites Operation: Total gross floor area of hotels and serviced suites;
 - Aircraft Leasing: Total gross floor area of self-occupied offices; and
 - Offices: Total gross floor area of self-occupied offices.
- (25) The data of hotels and serviced suites operation include water consumption of tenants and hotel guests.

Reducing Use of Packaging Materials

Use of packaging materials is not considered to be a material ESG aspect in the Group's property development, property management and aircraft leasing businesses. Regarding its hotel and serviced suites operation, the Harbour Plaza Hotel Management Group has adopted the following practices with a view to minimising its use of packaging material:

- using paper bags made with the Forest Stewardship Council paper as an alternative for plastic bags to carry dry food items;
- providing plastic shopping bags only upon request;
- reducing the use of packaging materials for bathroom amenities; and
- using biodegradable plastics for packaging materials.

In 2019, packaging materials used by a total of 11 Hotels was recorded to be approximately 39 tonnes (2018: 29 tonnes) ^(Note 26).

Note:

(26) Packaging material data of 2018 included 10 hotels. Packaging material data of 2019 included 11 Hotels.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

A3. The Environment and Natural Resources

Managing Other Environmental Impact

The Group is committed to managing the impact of our construction projects and business operations on the environment and natural resources. The Group's property management subsidiaries strive to uplift the quality of the living environment of the Managed Properties through comprehensive landscape planning and management. In 2019, a property managed by Goodwell attained the 1st runner-up for the "Best Private Slope Maintenance and Landscaping Award" organised by the Civil Engineering and Development Department in recognition of its excellence in landscape planning and slope maintenance.

Regarding the Group's property development business, dialogue with contractors is maintained to ensure that suitable ESG measures are implemented during the construction period. Various measures implemented at different construction sites include covering exposed soil stockpiles to prevent dust, use of sound barriers to screen off noisy works, and regular pH tests of waste water quality.

In the course of business operations, renovation activities are performed at offices, the Hotels, serviced suites and Managed Properties from time to time. To lessen the disturbance caused by these activities, renovation guidelines are established for contractors, and materials used for renovations are monitored. Repair and renovation works are planned and arranged well in advance to minimise disturbance to hotel and serviced suites guests, tenants and employees. During the Reporting Period, indoor air quality in selected Managed Properties is also regularly monitored and measured. In 2019, the Group continued to participate in the Indoor Air Quality Certification Scheme and a total of 48 "Indoor Air Quality Certificate Awards" were received by certain Managed Properties in recognition of their efforts in improving indoor air quality.

With respect to external lighting, the Cheung Kong Center, Harbour Grand Kowloon, Harbour Grand Hong Kong, Harbour Plaza Metropolis, The Kowloon Hotel, Harbour Plaza North Point, Harbour Plaza 8 Degrees, Harbour Plaza Resort City, Rambler Garden Hotel, Rambler Oasis Hotel and certain properties managed by Citybase received the Platinum Award and Sheraton Hong Kong Hotel & Towers received the Gold Award in the Charter on External Lighting award ceremony held by the Environment Bureau in 2019.

The Group places compliance with laws and regulations as a high priority and there are mechanisms to ensure regulatory compliance in various aspects of our operations. The Group keeps abreast of the latest regulatory developments and will provide relevant trainings for relevant personnel. In addition to preventive measures, the Group also ensures there are monitoring and measures to enable regulatory compliance. The Group is not aware of any material non-compliance with laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that would have a significant impact on the Group during the Reporting Period.

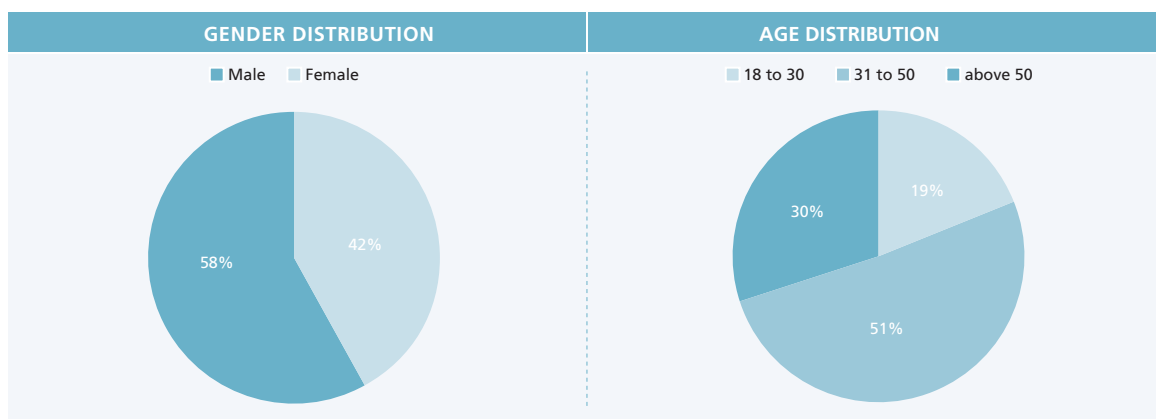
B. SOCIAL

Employment and labour practices

B1: Employment

Fair Employment Practices

The Group is committed to promoting equal opportunities and diversity in recruitment, internal transfer and promotion. The Group adopts fair evaluation practices and criteria for all candidates and employees regardless of their gender and age. It recognises that sustainable growth in its business relies on recruitment and retention of talent regardless of gender, age, family status, sexual orientation, disability, race, religion or other characteristics. Gender diversity is demonstrated by the Group's employee profile of approximately 58% (2018: 58%) male and 42% (2018: 42%) female. The age distribution of the Group's employees is approximately 19% (2018: 20%) for 18 to 30, 51% (2018: 52%) for 31-50 and 30% (2018: 28%) for above 50. The employee turnover rate among the Group's full-time employees by gender is approximately 11% (2018: 14%) for males and 13% (2018: 16%) for females; while this rate by age is approximately 25% (2018: 32%) for ages 18 to 30, 9% (2018: 12%) for 31-50 and 8% (2018: 9%) for above 50.



To motivate and retain talent, the Group offers competitive remuneration which is reviewed annually to reflect each employee's performance and contribution as well as market developments. Permanent and contract employees of the Company are also provided with other fringe benefits such as medical, life and disability insurance coverage and marriage leave. A five-day week policy has also been adopted. Retirement schemes are included as part of their remuneration packages.

The Group treasures its employees. The Group has zero tolerance of discrimination of any form and will not tolerate any kind of harassment that consists of unwelcome and offensive conduct (whether verbal, physical or visual) which is based upon a person's sex, marital status, disability or otherwise.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

The Group cares about the physical and mental wellbeing of its employees. Permanent employees of the Company are entitled to free annual health checks. Fresh fruit as well as nutraceutical soup are regularly provided. Recreational activities such as health talks, Cartoon Bun Workshop, Movie Day and Miniature Workshop and sports activities are organised by the Company or subsidiaries of the Group.

Each year, the Group hosts an annual dinner at which employees can interact socially and enjoy a sense of belonging. Employees can also enjoy discounted services and products offered by Group entities and affiliates.

B2: Health and Safety

Health and Safety Management

The Group is committed to promoting workplace safety. To ensure that the contractors of the Group's property development business meet the Group's safety standards, regular inspections of construction sites are conducted. Contractors are requested to conduct risk assessments to identify the risks associated with each construction activity, and the nature and extent of these risks, as well as determine the preventive or protective measures required to address them.

In 2019, an employee under the property management company in the Mainland passed away from a stroke due to sudden illness at work, which was regarded as work-related fatal accident under the law of the Mainland. The government authorities of the Mainland confirmed that there is no issue of non-compliance with any relevant rules and regulations in relation to the death after inspection and the death has no connection with the workplace.

During the Reporting Period, there were 11,699 lost days (2018: 10,141 lost days) due to reported work-related injuries for employees directly employed by the Group. Safety committees for property management subsidiaries Citybase, Goodwell, Cheung Kong Center Property Management Limited and Hutchison Property Management Company Limited as well as the Hotels have been established respectively for managing and monitoring matters relating to health and safety.

To provide a safe working environment for employees in the office, risk assessments of workstations, equipment and tools are performed on a regular basis. Upgrades and maintenance of office equipment and tools are performed in line with the pace of technological change and the needs and demands of employees. Regular spot checks are also carried out to ensure a safe working environment.

In 2019, Citybase achieved its annual OHSAS 18001 accreditation and Goodwell and Hutchison Property Management Company Limited achieved the ISO 45001 accreditation for their respective occupational health and safety management system. In recognition of their efforts in occupational safety, certain Managed Properties received the following awards:

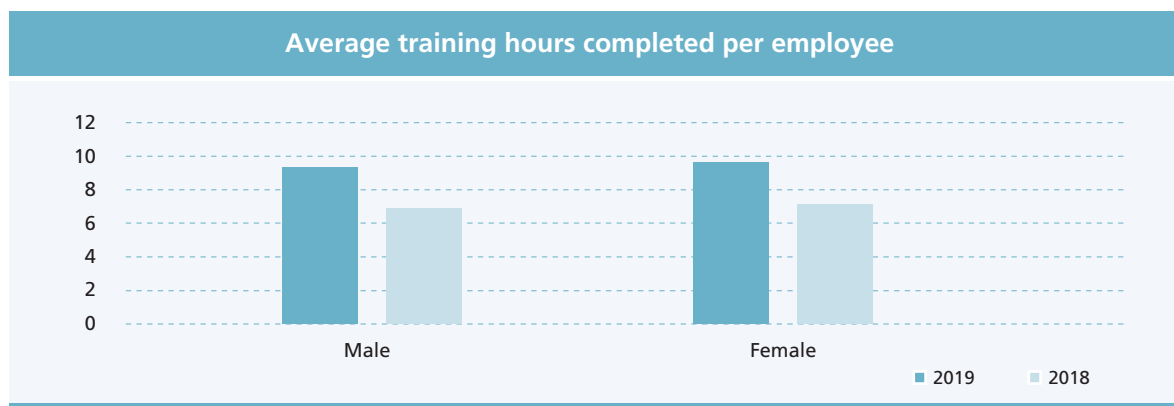
- Best Property Management Award in Occupational Safety and Health – Bronze Award and Best Presentation Award in “The 6th Best Property Safety Management Award” organised by the Occupational Safety & Health Council;
- Excellence Award in the Occupational Health Award organised by the Department of Health, the Labour Department and the Occupational Safety & Health Council; and
- Outstanding Award in Joyful@Healthy Workplace Best Practices Award organised by the Department of Health, the Labour Department and the Occupational Safety & Health Council.

B3: Development and Training

Talent Development

The Group aspires to develop employees by providing them with opportunities to advance their careers. Employees of the Group are encouraged to take part in internal and external training courses to continually enhance and update knowledge and information in their respective functions. Directors of the Group are provided with continuous professional development training to develop and refresh their knowledge and skills and are also updated on the latest legal and regulatory issues.

In both 2018 and 2019, over 50% of the Group's employees attended training organised by the Group and/or received support from the Group by way of sponsorship and/or fully-paid training leave for them to attend job-related training courses or professional seminars. During the Reporting Period, computer training, language training and management skills and occupational training were organised internally by the Hutchison Property Group for its employees. Seminars relating to the Anti-Money Laundering Laws in Hong Kong and the Competition Ordinance were held by the Company. Vocational training, for skills enhancement and development, are provided by Goodwell and Citybase on an as-needed basis. Training team at corporate office of the Harbour Plaza Hotel Management Group also conduct various management and leadership development programs, as well as language and other prescribed skills training for its staff members. Corporate orientation programmes are held for new staff to assist them with adopting the Group's corporate culture. Approximately 59% (2018: 78%) of the Group's male employees and 61% (2018: 80%) of the Group's female employees participated in the training organised by the Group in 2019. The average training hours completed per employee by gender is 8.75 hours (2018: 7.15 hours) for male and 9.69 hours (2018: 7.31 hours) for female; and by employee category is 6.11 hours (2018: 5.37 hours) for managerial grade or above and 9.37 hours (2018: 7.36 hours) for non-managerial grade.



Citybase received the Gold Award at the "Security Services Best Training Awards" organised by the Vocational Training Council and the Hong Kong Police Force.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

B4: Labour Standards

Anti-Child and Forced Labour

The Group does not engage in or tolerate any use of child or forced labour. Procedures are established to ensure that no child or forced labour is engaged. Contractors and sub-contractors are also required to declare that they have not engaged and will not engage in child or forced labour.

As mentioned above, the Group recognises the importance of regulatory compliance and has established preventive, monitoring and controlling measures to ensure compliance with relevant employment and labour laws and regulations. The Group is not aware of (i) any material non-compliance with laws and regulations relating to employment and labour practices, occupational health and safety that has a significant impact on the Group during the Reporting Period; or (ii) any incident that has a significant impact on the Group relating to the use of child or forced labour during the Reporting Period.

Other social aspects

B5: Supply Chain Management

Responsible Procurement Practices

The Group has an extensive supplier base providing a variety of products and services for its businesses and operations. It strives not to over-rely on a specific supplier so as to ensure the stability of the supply chain. During the Reporting Period, 27% (2018: 55%) of the Group's purchases were attributable to the Group's five largest suppliers, of which 19% (2018: 48%) were in Hong Kong and 8% (2018: 7%) on the Mainland.

Regarding property development projects, bribery or corruption in any form is strictly and expressly prohibited in the tendering process for construction projects. Employees are reminded to avoid situations that may lead to or involve a conflict or potential conflict of interest. To ensure fairness in the tendering process, a Tender Committee has been formed to monitor the supplier and contractor selection process. The Tender Committee makes use of analyses and recommendations made by external consultants and internal project staff when awarding contracts to bidders.

All approved suppliers of the Harbour Plaza Hotel Management Group have been provided with the Group's Supplier Code of Conduct, which requires them to promote safe and healthy working conditions, use fair hiring practices, treat their employees with dignity and respect and adhere to environmentally responsible practices in their operations. Any breach of the Supplier Code of Conduct by a supplier may result in its business relationship with the Group being terminated. A Supplier Performance Evaluation Survey is conducted periodically according to the criteria of quality, on-time and correct quantity delivery, service, pricing and contract compliance. A key performance indicator (KPI) is established for the end user to rate supplier performance during the said period. If any supplier's performance is determined to be below expectations, it will receive a Supplier Performance Evaluation Report which is a formal notice of poor performance with the intention of terminating the supplier's contract. Such supplier would not be re-invited to future bids or tenders.

The Group evaluates and monitors the performance of its suppliers to ensure their compliance with service standards, contract conditions and quality provisions. In line with its commitment to business integrity, the Company has established an open and fair procurement process. There are internal written records of the reasons for any non-inclusion or suspension of contractors or suppliers.

B6: Product Responsibility

Maintaining Products and Services Quality

The Group is committed to delivering superior customer services and handling queries from customers in a timely and efficient manner. In line with this approach, customer services teams of the Group's property development projects have been established. Re-examinations and re-inspections of properties are carried out for residential properties developed by the Group in Hong Kong, the Mainland and overseas when they are handed over to purchasers. Follow-up services are provided to purchasers to assist them with setting up connections to utilities, telecommunications and other services. Regular inspections are carried out by the Group in order to ensure the quality of the properties being constructed and to be delivered by contractors. The Group's property development projects complied with the codes and regulations for property development, including in the area of environmental protection.

The Hotels also endeavour to provide an excellent experience to its guests and has established standard procedures on handling guests' opinions and comments. In 2019, in recognition of the excellent quality services provided by the Hotels, the Group was awarded:

- "Best Local Hotel Chain" TTG Travel Awards 2019 (Harbour Plaza Hotels & Resorts);
- "Best Mid-range Hotel in Hong Kong" TTG China Travel Awards 2019 (Harbour Plaza 8 Degrees);
- "World Luxury Hotel Award" 2019 World Luxury Hotel Awards – Luxury City Hotel" (Harbour Grand Hong Kong);
- 2019 QTS Scheme Certification Mark (Restaurant category) – Senzuru Japanese Restaurant at Harbour Plaza Metropolis and Promenade Restaurant at Harbour Plaza Metropolis, Hoi Yat Heen and Greens at Harbour Plaza North Point, and The Point at Harbour Plaza North Point; and
- Best Service Restaurant of Hong Kong Restaurant Week (Summer 2019) – Harbour Grill at Harbour Grand Kowloon.

The Company was also awarded Outstanding Corporate Strategy Awards 2019 organised by Eastweek and the Listed Company Awards of Excellence 2019 organised by the Hong Kong Economic Journal in recognition of its outstanding performance.

In order to enhance the services of its property management on a continuous basis, customers are encouraged to provide feedback on their experience and customer satisfaction survey and mystery calls have been conducted. Employees of certain property management subsidiaries of the Group may also share their experience in resolving customers' queries during training sessions. In 2019, Goodwell, Whampoa Property Management Limited and Hutchison Logistics Centre Management Ltd were awarded Excellence Award in the Excellence in Facility Management Award organised by The Hong Kong Institute of Facility Management in recognition of their good facilities management. Hutchison Estate Agents Limited – The Whampoa was also awarded the Shopping Mall Award in My Favorite Shopping Mall Event organised by the Hong Kong Economic Times Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Protecting Personal Data Privacy and Intellectual Property

The Group respects personal data privacy and intellectual property rights. Policies and measures regarding the protection, collection and usage of personal data and protection of intellectual property are in place. Training is provided to relevant employees regarding the protection of personal data. Review and revision of the personal data and privacy protection practices are carried out to ensure compliance with relevant laws. Trademarks and domain names are registered in various jurisdictions in order to protect the intellectual property of the Group. Action will be taken immediately if scam or infringing articles or materials in relation to the Group are discovered.

The Group has placed high importance on relevant regulatory compliance concerning health and safety, advertising, labelling and privacy matters relating to products and services and methods of redress. The Group is not aware of any incidents of material non-compliance with laws and regulations concerning health and safety, advertising, labelling and privacy matters relating to products and services and methods of redress, that has a significant impact on the Group during the Reporting Period.

B7: Anti-corruption

Anti-Bribery and Anti-Corruption

The Group adopts a “zero tolerance” approach to bribery, corruption and fraud of any kind. As part of the Company’s corporate orientation programme, newly joining permanent employees attend seminars delivered by the Independent Commission Against Corruption (“ICAC”) which introduces them to anti-corruption guidelines and practices. Members of the Group continue to co-operate with the ICAC in promoting anti-corruption practices.

The Group has a code of conduct under the Employee Handbook and whistle-blowing procedures. Employees are encouraged to report any concerns they have regarding bribery and corruption or suspected cases. In addition, in line with the Group’s commitment to integrity in business, employees and stakeholders who deal with the Group, including customers, suppliers, creditors and debtors, are encouraged to report any suspected impropriety, misconduct or malpractice that they encounter within the Group. Procedures are in place to ensure that such reports are logged and investigated, and that appropriate action to address them will be taken. The reporting employee making appropriate reports under these procedures is assured of protection against unfair dismissal, victimisation or unwarranted disciplinary action, even if the reports are subsequently proved to be incorrect or unsubstantiated.

As mentioned above, the Group recognises the importance of regulatory compliance and has established respective preventive, monitoring and controlling measures to ensure compliance with relevant laws and regulations in relating to bribery, extortion, fraud and money laundering in respective industries and jurisdictions. The Group is not aware of any material breach of laws and regulations relating to bribery, extortion, fraud and money-laundering that would have a significant impact on the Group during the Reporting Period.

B8: Community Investment

Contributions to Society

The Group strives to make its shares of contributions towards enhancing the well-being of society through community investment. Apart from making donations to charitable organisations, members of the Group also took the initiative to support local communities and promote youth development.

The Group, together with its affiliates (“CK Group”) was named one of the top three donors of The Community Chest of Hong Kong (“Community Chest”) for 20 consecutive years, and has continued to support and take part in the public matching donation programme of the Community Chest in 2019.

Recognising the effort of the Group in integrating corporate social responsibility into its businesses through caring for the community, employees and the environment, 149 member companies of the CK Group were named “Caring Companies” by the Hong Kong Council of Social Service in 2019. This is the highest number of awards received by a commercial entity for 16 consecutive years.

During the Reporting Period, the Group made donations totalling approximately HK\$6 million to various charitable organisations. The Group’s subsidiaries also participated in various charitable and environmental protection events, including The Community Chest Green Day, GOrun Together 2019 organised by St. James Settlement, blood donation day with the Hong Kong Red Cross Blood Transfusion Service, Dementia Friendly Community Campaign cum Support for Carers Project organised by Social Welfare Department, “Hong Kong Citizen Hong Kong Heart” Volunteer Ambassador Programme organised by the Social Welfare Department, The Community Chest Skip Lunch Day and “Anti-Deception Chinese Opera Show” organised together with the Hong Kong Police Force. With the aim of fostering a caring culture among children, Citybase has also formed a Kid Volunteer Team. In 2019, Citybase continued to be awarded the “Award of 10,000 Hours for Volunteer Service” by the Steering Committee on the Promotion of Volunteer Service of the Social Welfare Department, which was the 11 consecutive years for Citybase to receive this award.

The Group continues to support the “333 Learning Companion Leadership Programme” (“333 Programme”) under the We R Family Foundation. Over 6,000 underprivileged students and their families have benefited from the programme since 2010 when it was launched. The 333 Programme provides free tutoring, value-added courses and professional support to advance the whole person development and competitiveness of children and youth of underprivileged families. Not only have their socio-emotional skills and academic results improved, the programme helped them to develop better relations with peers and families. Additionally, the 333 Programme developed a STEM programme with practical wisdom in business to enhance the future skills of 333 Programme students. There are four 333 Programme centres in North District, Kwun Tong, Sham Shui Po and Tin Shui Wai, which also serve neighbouring districts including Tai Po, Wong Tai Sin, Kowloon City, Kwai Tsing and Tuen Mun. In 2019, the 333 Programme continued to receive matching funds from the Government’s Partnership Fund for the Disadvantaged.

Furthermore, Harbour Plaza Hotel Management Group continuously organises student internship programmes with various colleges in Hong Kong and overseas to provide industry placement for students to fulfil their mandatory or elective requirements of undergraduate education and has also participated in VTC Career Expo and Career Day held by universities to provide students in Hong Kong with industry exposure.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)



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1. Goodwell Properties Management Limited was awarded the Green Management Award – Service Provider (SME) – Bronze Award and Sustained Performance (3 Year+) in Hong Kong Green Awards 2019.
2. Citybase participated in a volunteer activity “Dancing Party 2019”.
3. One Gold and three Bronze Awards in Hong Kong International Culinary Classic 2019 at HOFEX were awarded to the chef team of Harbour Grand Hong Kong.
4. Lunch Banquet for Seniors 2019 – Activity organised by Goodwell.





1. Mr. Li Ka-shing addressed the audience at the Grand Opening Ceremony of Tsz Shan Monastery cum inauguration of the Buddhist Art Museum in March 2019.
2. The Cheung Kong Graduate School of Business hosts seminars and conferences to build bridges between the East and West.
3. The Crunch Time Instant Relief Fund Project was completed in mid-December 2019. A total of HK\$1.009 billion was granted, benefiting more than 28,000 SMEs and licensed hawkers.
4. The National Telemedicine Symposium held at the Shantou University Medical College focused on sleep disorders.
5. Caritas Family Crisis Hotline and Education Centre holds workshops on a regular basis.
6. For more than 20 years, the "Heart of Gold" Nationwide Hospice Services Programme led by Shantou University Medical College has provided palliative services for patients in rural areas.
7. The Shantou University commencement ceremony in August 2019, honouring 2,847 graduating students.

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LI KA SHING FOUNDATION-SEEKING CHANGE, SEARCHING FOR BETTER

Established in 1980, the Li Ka Shing Foundation (“LKSF”) has invested over HK\$26 billion to develop education and healthcare initiatives in over 27 countries and regions, with more than 80% of the projects benefiting the Greater China region.

Below are some of LKSF’s major initiatives in 2019:

Crunch Time Instant Relief Fund for SMEs Programme

In October 2019, LKSF announced a donation of HK\$1 billion to set up the Crunch Time Instant Relief Fund in support of local Small and Medium Enterprises (“SMEs”) in the food and beverage, retail and travel industries, as well as licensed hawkers, which are under severe duress from unprecedented challenges. The Foundation adopted a “trust more, stress less” attitude towards the vetting process. 43,000 applications were processed within 46 days with a total of HK\$1.009 billion granted to 66% of all eligible applicants, benefiting more than 28,000 SMEs.

Rallying Together in Support of Frontline Medics

Since the outbreak of the Novel Coronavirus (COVID-19), selfless frontline medics in Wuhan have been battling to treat infected patients and contain the epidemic. On 10 February 2020, LKSF donated HK\$100 million through a special relief fund of the Liaison Office of the Central People’s Government in Hong Kong to support their efforts.

In February, LKSF began distributing 250,000 masks to 13 social welfare organisations and six homes for the elderly in Hong Kong as well as essential medical supplies for the Hospital Authority.

A Platform for Synthetic Biotechnologies

Considering the impact of a population surge on our planet’s limited resources and the environment, the cross-disciplinary field of synthetic biology is set to become a core driving force of the future economy. In August 2019, LKSF announced support for the establishment of Hong Kong’s first institute of synthetic biology at the Hong Kong University of Science and Technology with a budget of HK\$500 million.

Listening Angels

As at the end of December 2019, the Caritas Family Crisis Hotline and Education Centre had received over HK\$56 million from LKSF to offer a 24-hour hotline as well as crisis prevention workshops to meet public demand. Since 2008, the Centre has handled over 590,000 sessions.

Tsz Shan Monastery – Clarity, Compassion, and Action

The Tsz Shan Monastery strives to serve society through Buddhist teachings. Since its inception, LKSF has granted HK\$3 billion to support its development and operations. The Monastery has welcomed more than 1.2 million visitors as of end 2019.

The Tsz Shan Institute continues to develop “Kindful Insight”, seeking effective solutions for mind wellness and strengthening research and teaching collaborations between Hong Kong and overseas universities. The Buddhist Spiritual Counselling Centre provides professional counselling services and wellness programmes inspired by Buddhist wisdom, and has assisted 160,000 members of the public since 2015.

Opened to the public in May 2019, the Tsz Shan Monastery Buddhist Art Museum has welcomed about 80,000 visitors. The collection of more than 100 artifacts illustrates the history of Buddhism and enables visitors to cultivate spirituality through art appreciation and learning.

Shantou University

Shantou University (“STU”) is co-developed by the Ministry of Education, the Guangdong Provincial Government and LKSF. As the only privately funded public university in Mainland China, STU is dedicated to promoting reform and innovation in Mainland China’s higher education sector. LKSF has made grants and commitments of over HK\$10 billion to support STU’s development. From 2019 to 2022 academic years, LKSF will make an annual grant of up to RMB100 million to provide full-tuition academic scholarships for all enrolled undergraduates.

STU has continued to enhance its capability in specialized areas such as law, Chinese language and literature, mathematics and applied mathematics, biotechnologies, machine design manufacturing and automation, clinical medicine, and visual communication design, and has been listed as a National First-class Undergraduate Program. For the fifth consecutive year, STU has been recognised internationally and was ranked 43 among all Mainland universities in the Times Higher Education World University Rankings.

In 2019, 100% of enrolled freshmen from Guangdong Province chose STU as their first preference. The first-time employment rate for STU graduates has reached 98.47%, among the highest in Guangdong Province for many years.

Shantou University Medical College

Shantou University Medical College (“SUMC”) is pioneering reforms in medical education which adopts global medical education standards to cultivate high-quality medical talents. For 22 consecutive years, all incoming students have selected SUMC as their first choice. The employment rate of new graduates has ranked among the top universities in Guangdong Province for 19 consecutive years. SUMC has taken the lead in adopting the United States Medical Licensing Examination (USMLE Step 1) to evaluate students in the English-stream medical programme. Over the past eight years, the average passing rate of 91% for SUMC students in the USMLE Step 1 is close to those of accredited medical schools in the U.S., and the Clinical Medicine major has been in the world’s top 1% of ESI (Essential Science Index). The Clinical Medicine major has been listed in the national plan to develop world-class undergraduate courses.

The Joint Laboratory for Precise Diagnosis and Treatment of Infectious Diseases, chaired by Professor Guan Yi, director of the Shantou University-The University of Hong Kong Joint Institute of Virology, has been recognized as one of the top 10 Guangdong-Hong Kong-Macao Joint Laboratories, and is the only one of its kind in Eastern Guangdong.

The new research center under construction since April 2019 is expected to be completed by April 2021. The new affiliated Cancer Hospital started construction in September and is scheduled to be completed in three years. On 26 December, the Joint Shantou International Eye Center of Shantou University and the Chinese University of Hong Kong set up a branch in the Chaozhou People’s Hospital, donated by Mr. Li Ka-shing, giving Chaozhou residents access to high quality ophthalmology services.

Guangdong Technion Israel Institute of Technology (Joint venture between STU and Technion)

In 2019, the Guangdong Technion Israel Institute of Technology (GTIIT) enrolled 266 incoming students, taking the total student body to 738. Three GTIIT programmes for National Natural Science Foundation were approved. It is also the first time that GTIIT succeeded in applying for the Youth Science Fund and the Research Fund for International Young Scientists. Five Guangdong provincial key platforms and scientific research projects have also been approved, including Featured Innovative Projects and Youth Innovative Talent Projects.

LKSF donated US\$130 million to Technion to promote the co-establishment of GTIIT by Technion and STU, which is fully supported by the People’s Government of Guangdong Province and the Shantou Municipal Government.

Cheung Kong Graduate School of Business

Since its founding on 21 November 2002, the Cheung Kong Graduate School of Business (“CKGSB”) has aimed to cultivate transformative business leaders with a global vision, a humanistic spirit, a strong sense of social responsibility and an innovative mind-set. In its 17-year history, CKGSB has developed a growing network of 14,000 alumni.

A Pipeline for Education, Research and Commercialization

The LKSF committed US\$2 million to support US-based start-up Evolve Biosystems and Zhejiang University's College of Animal Science to conduct research on "Antibiotics-free Animal Husbandry", and UK-based medical startup Owlstone and Shanghai Jiaotong University Renji Hospital to initiate a clinical study for early detection of lung cancer development of non-invasive "Breath Biopsy for Cancer Detection". A special donation of US\$1 million was made to the Zhejiang University's "Dr. Ba De-nian Medical Programme Development Fund" and an additional donation of RMB2 million was directed towards projects that benefit the development of female students.

In July 2019, LKSF donated RMB2 million to Shanghai Little Pigeons Dance Troupe to finance its exchange activities and philanthropic projects.

Free Healthcare Services in Mainland China

Over the years, LKSF has contributed over RMB1 billion to support free medical care services, including "Heart of Gold" Nationwide Hospice Care Services; three phases of the Cheung Kong New Milestone Programme in collaboration with the China Disabled Persons' Federation to install prosthetics (400,000 cases) and provide rehabilitation support and training; Nationwide Medical Relief for the Poor; and the Kumbum Tibetan Medical Hospital Aid Programme. Over 17 million patients have benefited.

Overseas Healthcare and Research

In 2019, LKSF made new commitments of over HK\$50 million to support major education, medical services, and scientific research projects at top overseas institutions.

Seeking Change, Searching for Better – The Foundation pledges to continue making contributions that advance healthcare, education, and technology.

HIGHLIGHTS OF DEVELOPMENT PROPERTIES

BORRETT ROAD

Mid-levels

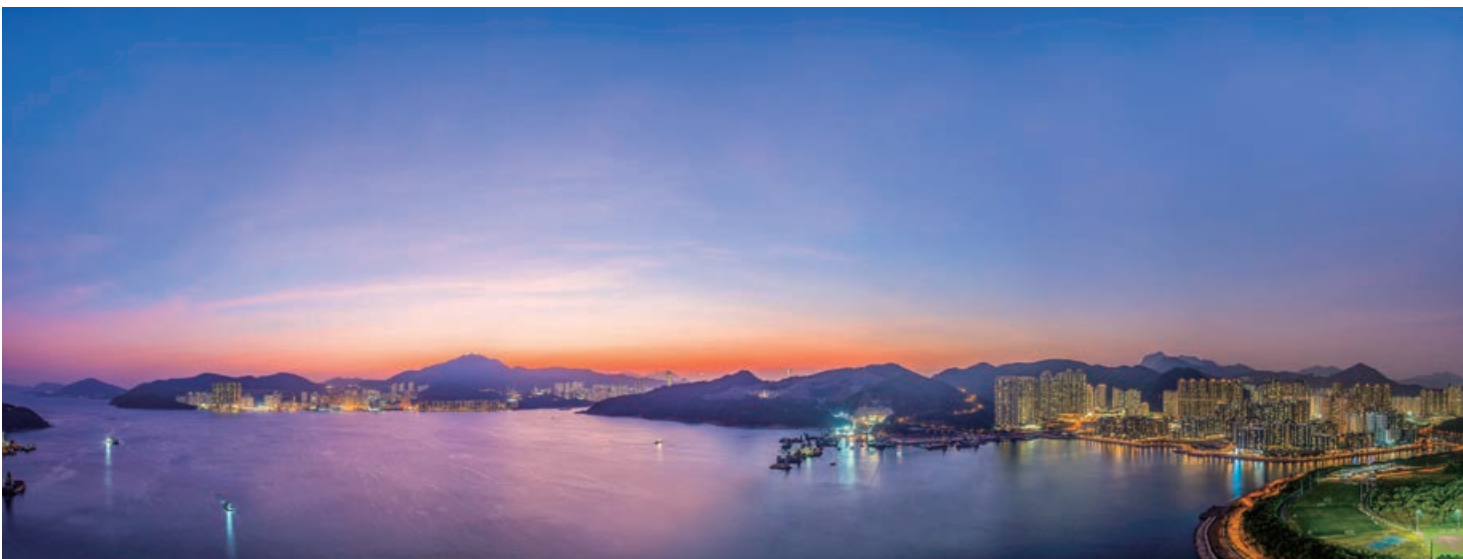
Spacious deluxe residence built on a premium Mid-levels land plot offers commanding and beautiful views of the Hong Kong Island's central business hub and the Victoria Harbour.



SEA TO SKY

Tseung Kwan O

Sea to Sky is situated in close proximity to the LOHAS Park MTR Station of the Tseung Kwan O Line. As a premier waterfront residence, this project offers 1,422 residential units with most of them presenting the home owners with spectacular sea views.



HIGHLIGHTS OF DEVELOPMENT PROPERTIES (CONTINUED)

STARS OF KOVAN

Singapore

Located in the heart of Kovan, Singapore, this mixed development of more than 326,060 sq.ft. comprises 390 residential units, 5 strata terrace units and 46 strata shops. It is quickly connectable to all business and shopping hubs with easy access via MRT and expressways.



SEASIDE SONATA

Cheung Sha Wan

Located at the Kowloon urban hub, this project enjoys the traffic convenience along the MTR lines stretching from the West Rail Line, Tung Chung Line and Tsuen Wan Line, and provides the residents with an array of catering, entertainment and leisure options through its clubhouse and the surrounding community.



HIGHLIGHTS OF DEVELOPMENT PROPERTIES (CONTINUED)

YUHU MINGDI

Guangzhou

With a site area of approximately 226,000 sq.m., this low-density premium residential property located at Guangzhou's Luogang district offers an exquisite lifestyle on a lakeside setting.



UPPER WEST SHANGHAI

Shanghai

This mega development at Zhen Ru Fu Zhong Xin in the Putuo District represents a landmark in Shanghai featuring retail, office, residential premises and serviced apartments as well as a hotel.



HIGHLIGHTS OF DEVELOPMENT PROPERTIES (CONTINUED)

LA GRANDE VILLE

Beijing

La Grande Ville is a luxury residential complex located in Shunyi County, Beijing with a gross floor area of approximately 780,000 sq.m. The project redefines the concept of premium living through a combination of artistic architecture, stylish designs and opulent fittings.



CHELSEA WATERFRONT

London

Situated on the north bank of River Thames, the project includes four riverside buildings, the refurbished 1902 historic Lots Road Power Station and two residential glass towers of 37 floors and 25 floors. The newly completed Tower West consists of 76 luxury residential apartments with unrivalled views over the Thames.



HIGHLIGHTS OF DEVELOPMENT PROPERTIES (CONTINUED)

THE SOUTH BAY

Dalian

Located in Xiaoyao Bay International Business District in Dalian, the South Bay offers a total gross floor area of approximately 480,000 sq.m. It will be developed into a large-scale residential and commercial project offering residents the beauty of the magnificent coastal scenery.



EMERALD COVE

Zhongshan

Located near Cuili Lake in Zhongshan City's Wuguishan District, this project covers a site area of around 100,000 sq.m. at a luxurious low-density residential area embraced by the beauty of nature, yet enjoying unrivalled convenience.



HIGHLIGHTS OF DEVELOPMENT PROPERTIES (CONTINUED)

NOBLE HILLS

Guangzhou

Situated in Licheng Street of Zengcheng District, Guangzhou, Noble Hills is developing into a large-scale low-density residence with a luxurious clubhouse of around 5,000 sq.m. The total construction area of phases 1 to 3 is approximately 360,000 sq.m.



NOBLE HILLS

Changsha

Located in Wangcheng district, this residential project with a total area of around 590,000 sq.m. is fully equipped with two luxurious clubhouses and a wide range of leisure facilities, offering residents an aspirational living experience.



HIGHLIGHTS OF INVESTMENT PROPERTIES



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1. Cheung Kong Center
2. 5 Broadgate in London
3. The Harbourfront
4. China Building

The Group has an investment property portfolio of approximately 17 million sq.ft., comprising mainly office, retail, and industrial properties. It continues to evaluate and strategically adjust the mix of investment properties from time to time in order to timely release the underlying value of the portfolio.



HIGHLIGHTS OF INVESTMENT PROPERTIES (CONTINUED)



1

1. Hutchison House (under redevelopment)

1881 HERITAGE

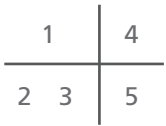
Located in the heart of Tsim Sha Tsui, the 130 year-old historical development has been revitalised and transformed into a cultural and shopping landmark in Hong Kong. Celebrating its 10th anniversary, 1881 Heritage now features luxury shops, fine dining establishments and hip bars, a heritage hotel, and a Heritage Hall which allows visitors to discover the history of the site.



HIGHLIGHTS OF HOTELS AND SERVICED SUITES

The Group's hotel and serviced suite properties are mostly located in Hong Kong and provide approximately 15,000 rooms for guest accommodation.





1, 2, & 3. Hotel Alexandra
4 & 5. Harbour Grand Kowloon



HIGHLIGHTS OF INFRASTRUCTURE AND UTILITY ASSET OPERATION

United Energy, Dampier Bunbury Pipeline, Multinet Gas, Energy Developments

The Group has actively expanded its investment portfolio of businesses with stable recurrent income through various acquisitions. Its diversified businesses now include infrastructure and utility asset operations in Continental Europe, Australia, Canada and the United Kingdom.



ista



Reliance Home Comfort



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1. Dampier Bunbury Pipeline is Western Australia's principal gas transmission pipeline.
2. Energy Developments specialises in producing electricity from safe, clean, low greenhouse gas emissions sources such as landfill gas, waste coal mine gas, wind, and solar; as well as providing energy solutions in remote regions.
3. Multinet Gas operates a regulated network which covers 1,860 square kilometres of the eastern and south-eastern suburbs of Melbourne, the Yarra Ranges and South Gippsland.
4. United Energy distributes electricity across east and southeast Melbourne and the Mornington Peninsula.

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1. ista is a leading global provider of sub-metering and related services.
2. Headquartered in Essen, Germany, ista's operations range from hardware development, manufacturing, installation and maintenance to meter reading, data collection and processing, individual billing based on actual consumption, as well as energy data management.
3. Reliance Home Comfort is principally engaged in the home and commercial services sector providing the sale and rental of water heaters, HVAC (heating, ventilation and air conditioning) equipment, water purification, plumbing, electrical, comfort protection plans and other related services primarily in Ontario, Canada.
4. Reliance Home Comfort has over 1.9 million customers in Canada.

HIGHLIGHTS OF PUB OPERATION



The Group has added to its investment portfolio a leading integrated brewer and pub retailer, Greene King, which operates over 2,700 pubs, restaurants and hotels across England, Wales and Scotland.



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1. The Nutshell is one of the smallest pubs in Britain and is a popular tourist attraction. It is situated close to Greene King's historic brewery in Bury St. Edmunds.
2. The George in Southwark, South London is the city's only surviving galleried coaching inn. Dating back to 1676, the Grade 1 listed property is leased to Greene King by the National Trust.
3. Greene King's two leading real ale brands, Greene King IPA and Abbot Ale, brewed in Bury St. Edmunds, Suffolk.
4. The Anchor, Bankside faces on to the River Thames on London's vibrant South Bank and is one of the many iconic Greene King pubs in Central London.
5. Belhaven Best, Scotland's leading real ale, brewed at Scotland's oldest brewery in Dunbar, East Lothian.
6. The Hand & Flowers in Marlow, Buckinghamshire is a tenanted Greene King Pub Partners site run by the celebrity chef Tom Kerridge. The pub has two Michelin Stars and is regularly listed among the best gastro-pubs in the United Kingdom.



HIGHLIGHTS OF AIRCRAFT LEASING

The aircraft leasing business underwent a rebranding exercise, and the new brand, AMCK Aviation, is focused on delivering expertise and long-term stability for customers and partners.



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1. The aircraft leasing team based in Dublin.

2. An A320 Neo aircraft leased to IndiGo.

HIGHLIGHTS OF ECONOMIC BENEFITS OF INFRASTRUCTURE BUSINESSES

Through the economic benefits of infrastructure businesses comprising interests in Park'N Fly, Northumbrian Water, Australian Gas Networks, Wales & West Gas Networks, UK Rails and Dutch Enviro Energy, the Group is well-positioned to strengthen its stable recurring revenue base.



1. Dutch Enviro Energy, an energy-from-waste company in the Netherlands
2. Australian Gas Networks, a distributor of natural gas in Australia
3. Park'N Fly, an off-airport car park provider in Canada
4. Wales & West Gas Networks, a gas distributor that serves Wales and the South West of England
5. Northumbrian Water, a regulated water and sewerage company in England and Wales
6. UK Rails, a rolling stock operating company in the United Kingdom

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SCHEDULE OF MAJOR PROPERTIES

As at 31 December 2019

A. PROPERTIES FOR/UNDER DEVELOPMENT

Description	Lot Number/Location	Group's Interest	Approx. Site Area (sq. ft.)
Hong Kong			
Hotel Alexandra, North Point	I.L. 8920	100.0%	84,895
A site at Mid-level	I.L. 8949	100.0%	112,892
A site at Sha Tin	S.T.T.L. 614	100.0%	67,802
A site at Yuen Long	Lot 4328 in D.D. 124	100.0%	110,222
A site at Tuen Mun	T.M.T.L. 463	100.0%	266,945
A site at Yau Tong	Y.T.I.L. 45	100.0%	83,668
A site at Fung Yuen, Tai Po	Various lots in D.D. 11	100.0%	747,564
A site at Yuen Long	Lot 1457 R.P. in D.D. 123 Y.L.	60.0%	8,610,937
A site at North District	Various lots	100.0%	1,206,353
Various sites at Yuen Long	Various lots	100.0%	2,095,602
Various sites at Tai Po	Various lots	100.0%	133,472
The Mainland			
La Grande Ville	Beijing	100.0%	560,283
The Greenwich	Beijing	100.0%	1,052,720
Beixinjiayuan	Beijing	100.0%	2,759,132
Noble Hills	Changsha	100.0%	543,878
Le Parc	Chengdu	100.0%	1,840,326
Regency Hills	Chongqing	95.0%	9,081,804
The South Bay	Dalian	100.0%	3,007,111
Laguna Verona	Dongguan	99.8%	10,592,323
Yuhu Mingdi	Guangzhou	80.0%	998,133
Noble Hills	Guangzhou	100.0%	4,668,949
Emerald Cove	Huizhou	100.0%	861,672
Upper West Shanghai	Shanghai	60.0%	1,181,510

Approx. Floor Area Attributable to the Group (sq. ft.)	Existing Land Use	Stage of Completion	Estimated Date of Completion
322,917	Hotel	Completed	Completed
286,163	Residential	Completed	Completed
149,123	Residential	Interior finishing	June, 2020
244,084	Residential	Foundation work	January, 2022
138,876	Residential	Foundation work	June, 2022
142,073	Residential	Foundation work	June, 2023
418,339	Residential	Demolition work	June, 2024
–	Agricultural land	Planning	–
–	Agricultural land	Planning	–
–	Agricultural land	Planning	–
–	Agricultural land	Planning	–
–	Agricultural land	Planning	–
487,766	Residential	Interior finishing	June, 2020
2,580,979	Residential/Commercial	Superstructure in progress	December, 2021
861,112	Residential	Planning	–
1,258,235	Residential/Commercial	Planning	September, 2022
1,013,582	Commercial	Superstructure in progress	November, 2020
2,318,792	Residential/Commercial	Superstructure in progress	March, 2021
3,927,338	Residential/Commercial	Superstructure in progress	November, 2021
284,561	Residential	Superstructure completed	January, 2020
1,046,683	Residential/Commercial	Site formation	December, 2021
3,758,744	Residential/Commercial	Site formation	September, 2022
3,584,498	Residential/Commercial	Planning	September, 2023
4,536,153	Residential/Commercial	Planning	September, 2024
14,362,238	Residential/Commercial	Planning	–
2,888,503	Residential	Planning	June, 2023
762,569	Commercial	Planning	–
3,663,617	Residential	Superstructure in progress	December, 2020
450,156	Residential	Planning	September, 2021
2,784,162	Residential	Planning	September, 2022
1,298,655	Residential	Planning	June, 2023
1,055,434	Residential	Planning	June, 2024
1,094,298	Residential/Commercial	Planning	–
362,944	Residential	Superstructure completed	June, 2020
479,603	Residential	Superstructure in progress	December, 2022
1,416,938	Residential	Superstructure in progress	November, 2020
1,088,112	Residential	Planning	December, 2022
268,667	Residential	Planning	–
1,288,460	Residential/Commercial	Superstructure in progress	October, 2020
1,223,382	Residential/Commercial	Superstructure in progress	March, 2021
2,124,122	Residential/Commercial/Hotel	Completed	Completed
433,755	Residential/Commercial	Superstructure in progress	March, 2020
248,549	Commercial/Hotel	Superstructure in progress	June, 2020
961,784	Commercial	Superstructure in progress	December, 2020

SCHEDULE OF MAJOR PROPERTIES (CONTINUED)

A. PROPERTIES FOR/UNDER DEVELOPMENT (continued)

Description	Lot Number/Location	Group's Interest	Approx. Site Area (sq. ft.)
The Mainland (continued)			
Regency Garden	Shanghai	85.0%	326,792
Regency Cove	Wuhan	100.0%	6,882,319
Emerald Cove	Zhongshan	100.0%	1,121,760
Horizon Costa	Zhuhai	100.0%	2,152,780
Overseas			
Chelsea Waterfront, Chelsea	London, the United Kingdom	95.0%	237,979
A site at Convoys Wharf	London, the United Kingdom	100.0%	1,742,400
A site at Teversham Road, Fulbourn	Cambridgeshire, the United Kingdom	100.0%	737,327
A site at Bukit Timah Road	Singapore	100.0%	104,532

B. PROPERTIES IN WHICH THE GROUP HAS A DEVELOPMENT INTEREST

Description	Lot Number/Location	Approx. Site Area (sq. ft.)
Hong Kong		
OP Mall, Tsuen Wan	T.W.T.L. 401	461,453
Seaside Sonata, Sham Shui Po	N.K.I.L. 6506	80,805
Area 86, Tseung Kwan O (Package 8)	T.K.O.T.L. 70 R.P., Site H	179,090
Wong Chuk Hang Station Package 3, Aberdeen	A.I.L. 467, Site C	240,928

Approx. Floor Area Attributable to the Group (sq. ft.)	Existing Land Use	Stage of Completion	Estimated Date of Completion
280,966	Residential	Superstructure in progress	August, 2020
220,343	Residential	Planning	September, 2022
326,045	Residential	Planning	–
657,621	Residential/Commercial	Superstructure in progress	September, 2021
3,755,611	Residential/Commercial	Planning	December, 2022
2,491,272	Residential	Planning	December, 2023
2,588,718	Residential/Commercial	Planning	December, 2024
5,066,471	Residential/Commercial/Hotel	Planning	–
677,415	Residential/Commercial	Superstructure completed	March, 2020
1,202,801	Residential/Commercial	Planning	June, 2023
1,354,314	Residential	Planning	June, 2024
4,468	Commercial	Demolition work	April, 2022
239,800	Residential/Commercial	Foundation work	June, 2022
124,784	Residential	Foundation work	December, 2022
125,521	Residential/Commercial	Foundation work	March, 2023
7,320	Commercial	Planning	March, 2022
143,461	Residential	Planning	December, 2022
208,790	Residential/Commercial	Planning	June, 2023
213,002	Residential/Commercial	Planning	December, 2023
500,469	Residential/Commercial	Planning	December, 2024
1,994,981	Residential/Commercial/Hotel	Planning	–
45,008	Residential	Planning	September, 2022
46,192	Residential	Planning	March, 2023
219,518	Residential	Planning	May, 2024

Approx. Floor Area of the Development (sq. ft.)	Existing Land Use	Stage of Completion	Estimated Date of Completion
436,476	Commercial	Completed	Completed
595,702	Residential/Commercial	Superstructure in progress	September, 2020
1,044,098	Residential	Superstructure in progress	June, 2021
505,882	Commercial	Foundation work	December, 2022
999,967	Residential	Foundation work	November, 2024

SCHEDULE OF MAJOR PROPERTIES (CONTINUED)

C. PROPERTIES FOR INVESTMENT/OWN USE

Description	Lot Number/Location	Group's Interest
Hong Kong		
Cheung Kong Center, Central	I.L. 8887	100.0%
One and Two Harbourfront, Hung Hom	Sections A, B & R.P. of H.H.M.L. 6 & Extension	100.0%
Hutchison House, Central	I.L. 8286	100.0%
THE HUB, Aberdeen	A.I.L. 399	100.0%
Hutchison Telecom Tower (portion), Tsing Yi	T.Y.T.L. 139 section A	100.0%
China Building, Central	I.L. 2317	100.0%
Whampoa Garden (portion), Hung Hom	K.I.L. 10750 sections A to H & J to L	100.0%
Aberdeen Centre (portion), Aberdeen	A.I.L. 302 & 304	100.0%
Victoria Mall, Tsim Sha Tsui	K.I.L. 11086 R.P.	85.0%
1881 Heritage, Tsim Sha Tsui	K.I.L. 11161 R.P.	100.0%
Harbourview Horizon All-Suite Hotel, Hung Hom Bay	K.I.L. 11103	100.0%
Harbourfront Horizon All-Suite Hotel and Kowloon Harbourfront Hotel, Hung Hom Bay	K.I.L. 11110	100.0%
Harbour Plaza Resort City, Tin Shui Wai	T.S.W.T.L. 4	98.5%
Horizon Suite Hotel at Tolo Harbour, Ma On Shan	S.T.T.L. 461	100.0%
Harbour Grand Kowloon, Hung Hom	Sections A, B & R.P. of H.H.M.L. 6 & Extension	100.0%
Harbour Plaza Metropolis, Hung Hom	K.I.L. 11077	100.0%
Harbour Grand Hong Kong, North Point	I.L. 7106 s.A & Extension	Development interest
Harbour Plaza North Point	I.L. 8885	100.0%
The Kowloon Hotel, Tsim Sha Tsui	K.I.L. 10737	100.0%
Sheraton Hong Kong Hotel & Towers, Tsim Sha Tsui	K.I.L. 9172	39.0%
Harbour Plaza 8 Degrees, Kowloon City	K.I.L. 4013 R.P.	100.0%
The Apex Horizon, Kwai Chung	K.C.T.L. 467 R.P.	100.0%
Rambler Oasis Hotel, Tsing Yi	T.Y.T.L. 140	100.0%
Rambler Garden Hotel, Tsing Yi	T.Y.T.L. 140	100.0%
Hutchison Logistics Centre (portion), Kwai Chung	K.C.L. 4 & Extension	100.0%
Watson Centre, Kwai Chung	K.C.T.L. 258	100.0%
Conic Investment Building, Hung Hom	Subsection 1 of section O of K.M.L. 40	100.0%
The Mainland		
Century Place	Shenzhen	80.0%
Westgate Mall	Shanghai	60.0%
Kerry Everbright City	Shanghai	24.8%
The Great Wall Hotel Beijing	Beijing	49.8%
Sofitel Shenyang Lido	Shenyang	29.0%
Overseas		
5 Broadgate	London, the United Kingdom	100.0%
1 & 2 Heuston South Quarter	Dublin, Ireland	100.0%
Various premises at England, Wales and Scotland	The United Kingdom	100.0%

Notes to Schedule of Major Properties:

- Properties which are insignificant, including overseas properties, agricultural land and completed properties for sales, are not included.
- Properties owned by associates are not included.
- For properties in which the Group has a development interest, other parties provide the land whilst the Group finances the construction costs and occasionally also the land costs, and is entitled to a share of the revenue/development profits/properties after completion in accordance with the terms and conditions of the joint development agreements.

Approx. Floor Area Attributable to the Group (sq. ft.)	Existing Use	Lease Term
1,289,356	Office/Retail	Medium Term Lease
938,308	Office/Retail	Long Lease
493,577	Under redevelopment	Long Lease
342,868	Office	Long Lease
300,268	Office	Medium Term Lease
258,751	Office/Retail	Long Lease
1,713,990	Retail	Long Lease
345,026	Retail	Long Lease
143,040	Retail	Medium Term Lease
140,180	Retail/Hotel	Medium Term Lease
1,283,918	Hotel	Medium Term Lease
1,156,516	Hotel	Medium Term Lease
651,990	Hotel	Medium Term Lease
602,778	Hotel	Medium Term Lease
633,487	Hotel	Long Lease
461,309	Hotel	Medium Term Lease
444,988	Hotel	Medium Term Lease
343,078	Hotel	Medium Term Lease
329,486	Hotel/Retail	Medium Term Lease
260,061	Hotel/Retail	Long Lease
230,565	Hotel	Long Lease
228,087	Hotel	Medium Term Lease
213,233	Hotel	Medium Term Lease
211,111	Hotel	Medium Term Lease
4,705,141	Industrial/Office	Medium Term Lease
687,200	Industrial	Medium Term Lease
327,324	Under redevelopment	Medium Term Lease
454,346	Retail	Medium Term Lease
659,611	Retail/Office	Short Lease
115,399	Retail/Office	Medium Term Lease
437,393	Hotel	Short Lease
252,090	Hotel	Medium Term Lease
1,171,348	Office	Long Lease
242,115	Office	Freehold
24 million	Pub operation	Freehold
2 million	Pub operation	Long and Medium Term Lease

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2019

	Note	2019 \$ Million	2018 \$ Million
Group revenue		82,382	50,368
Share of revenue of joint ventures		13,937	14,113
Total	(3)	96,319	64,481
Group revenue		82,382	50,368
Interest from joint ventures		1,966	2,175
Investment and other income		3,122	2,013
Operating costs			
Property and related costs		(42,546)	(22,755)
Pub product and related costs		(1,763)	–
Salaries and related expenses		(4,452)	(3,873)
Interest and other finance costs		(1,291)	(1,079)
Depreciation		(2,192)	(1,771)
Other expenses		(896)	(559)
		(53,140)	(30,037)
Profit on disposal of a property development joint venture		–	6,989
Gain on financial instruments		2,190	511
Change in fair value of investment properties		228	3,993
Surplus on disposal of investment properties		–	11,850
Profit on disposal of hotel properties		–	675
Share of profit of joint ventures		587	420
Share of profit of associates		175	218
Profit before taxation	(4)	37,510	49,175
Taxation	(5)	(7,464)	(7,541)
Profit after taxation		30,046	41,634
Profit attributable to			
Non-controlling interests		(371)	(977)
Perpetual capital securities		(541)	(540)
Profit attributable to shareholders		29,134	40,117
Earnings per share	(6)	\$7.89	\$10.85

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019 \$ Million	2018 \$ Million
Profit after taxation	30,046	41,634
<hr/>		
Other comprehensive income to be reclassified to income statement		
Exchange loss on translation of financial statements of operations outside Hong Kong	(304)	(5,635)
Exchange gain on translation of bank loans for hedging	106	759
Gain (loss) on derivative financial instruments		
Net investment hedges	(1,197)	4,127
Cash flow hedges	84	358
Change in fair value of investments	1	(4)
Share of other comprehensive loss of joint ventures	(228)	(1,417)
Exchange loss on translation of financial statements of operations outside Hong Kong reclassified to income statement	460	175
Other comprehensive income not to be reclassified to income statement		
Loss on remeasurement of defined benefit obligations	(117)	(17)
Share of other comprehensive income (loss) of joint ventures and associates	(114)	25
Other comprehensive loss	(1,309)	(1,629)
<hr/>		
Total comprehensive income	28,737	40,005
<hr/>		
Total comprehensive income attributable to		
Non-controlling interests	(260)	(794)
Perpetual capital securities	(541)	(540)
Total comprehensive income attributable to shareholders	27,936	38,671

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	2019 \$ Million	2018 \$ Million
Non-current assets			
Fixed assets	(8)	97,519	37,660
Investment properties	(9)	119,832	123,478
Joint ventures	(10)	59,371	59,842
Associates	(11)	7,000	7,256
Investments	(12)	16,924	16,796
Goodwill	(13)	6,492	–
Deferred tax assets	(14)	2,688	3,134
Other non-current assets	(15)	7,716	6,854
		317,542	255,020
Current assets			
Properties for sale	(16)	121,930	143,373
Debtors, prepayments and others	(17)	6,754	3,710
Loan receivables		1,527	17,117
Bank balances and deposits		60,304	56,725
		190,515	220,925
Current liabilities			
Creditors, accruals and others	(18)	21,970	15,622
Bank and other loans	(19)	6,841	1,829
Customers' deposits received		15,459	33,916
Provision for taxation		5,488	3,080
		49,758	54,447
Net current assets		140,757	166,478
Non-current liabilities			
Bank and other loans	(19)	73,241	67,663
Deferred tax liabilities	(14)	13,836	12,474
Lease liabilities	(20)	6,636	–
Derivative financial instruments	(21)	3,218	167
Pension liabilities	(22)	136	166
		97,067	80,470
Net assets		361,232	341,028
Representing:			
Share capital and share premium	(23)	245,639	245,639
Reserves		98,614	77,881
Shareholders' funds		344,253	323,520
Perpetual capital securities	(24)	11,670	11,670
Non-controlling interests		5,309	5,838
Total equity		361,232	341,028

Victor T K Li
Director

Ip Tak Chuen, Edmond
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Shareholders' funds				Perpetual capital securities \$ Million	Non-controlling interests \$ Million	Total equity \$ Million
	Share capital \$ Million	Share premium \$ Million	Reserves ^(Note) \$ Million	Total \$ Million			
Balance at 1 January 2018	3,698	242,177	45,677	291,552	11,670	5,958	309,180
Profit after taxation	-	-	40,117	40,117	540	977	41,634
Other comprehensive income (loss)							
Exchange loss on translation of financial statements of operations outside Hong Kong	-	-	(5,460)	(5,460)	-	(175)	(5,635)
Exchange gain on translation of bank loans for hedging	-	-	759	759	-	-	759
Gain on derivative financial instruments							
Net investment hedges	-	-	4,127	4,127	-	-	4,127
Cash flow hedges	-	-	358	358	-	-	358
Change in fair value of investments	-	-	(4)	(4)	-	-	(4)
Share of other comprehensive loss of joint ventures and associates	-	-	(1,392)	(1,392)	-	-	(1,392)
Exchange loss on translation of financial statements of operations outside Hong Kong reclassified to income statement	-	-	175	175	-	-	175
Loss on remeasurement of defined benefit obligations	-	-	(9)	(9)	-	(8)	(17)
Total comprehensive income	-	-	38,671	38,671	540	794	40,005
Change in non-controlling interests	-	-	-	-	-	(560)	(560)
Buy-back and cancellation of issued shares	(4)	(232)	4	(232)	-	-	(232)
Distribution of perpetual capital securities	-	-	-	-	(540)	-	(540)
Dividend paid to non-controlling interests	-	-	-	-	-	(354)	(354)
Dividend paid to shareholders							
2017 final dividend \$1.28 per share	-	-	(4,733)	(4,733)	-	-	(4,733)
2018 interim dividend \$0.47 per share	-	-	(1,738)	(1,738)	-	-	(1,738)
Balance at 31 December 2018	3,694	241,945	77,881	323,520	11,670	5,838	341,028
Balance at 1 January 2019	3,694	241,945	77,881	323,520	11,670	5,838	341,028
Profit after taxation	-	-	29,134	29,134	541	371	30,046
Other comprehensive income (loss)							
Exchange loss on translation of financial statements of operations outside Hong Kong	-	-	(194)	(194)	-	(110)	(304)
Exchange gain on translation of bank loans for hedging	-	-	106	106	-	-	106
Gain (loss) on derivative financial instruments							
Net investment hedges	-	-	(1,197)	(1,197)	-	-	(1,197)
Cash flow hedges	-	-	84	84	-	-	84
Change in fair value of investments	-	-	1	1	-	-	1
Share of other comprehensive loss of joint ventures and associates	-	-	(342)	(342)	-	-	(342)
Exchange loss on translation of financial statements of operations outside Hong Kong reclassified to income statement	-	-	468	468	-	(8)	460
Loss on remeasurement of defined benefit obligations	-	-	(124)	(124)	-	7	(117)
Total comprehensive income	-	-	27,936	27,936	541	260	28,737
Change in non-controlling interests	-	-	-	-	-	(250)	(250)
Distribution of perpetual capital securities	-	-	-	-	(541)	-	(541)
Dividend paid to non-controlling interests	-	-	-	-	-	(539)	(539)
Dividend paid to shareholders							
2018 final dividend \$1.43 per share	-	-	(5,282)	(5,282)	-	-	(5,282)
2019 interim dividend \$0.52 per share	-	-	(1,921)	(1,921)	-	-	(1,921)
Balance at 31 December 2019	3,694	241,945	98,614	344,253	11,670	5,309	361,232

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Note: Reserves

	Business combination reserve \$ Million	Capital redemption reserve \$ Million	Exchange reserve \$ Million	Hedging reserve \$ Million	Revaluation reserve \$ Million	Retained profits \$ Million	Total \$ Million
Balance at 1 January 2018	(69,014)	162	(1,073)	51	(4)	115,555	45,677
Profit after taxation	-	-	-	-	-	40,117	40,117
Other comprehensive income (loss)	-	-	(1,669)	211	(4)	16	(1,446)
Buy-back and cancellation of issued shares	-	4	-	-	-	-	4
Dividend paid to shareholders							
2017 final dividend \$1.28 per share	-	-	-	-	-	(4,733)	(4,733)
2018 interim dividend \$0.47 per share	-	-	-	-	-	(1,738)	(1,738)
Balance at 31 December 2018	(69,014)	166	(2,742)	262	(8)	149,217	77,881
Balance at 1 January 2019	(69,014)	166	(2,742)	262	(8)	149,217	77,881
Profit after taxation	-	-	-	-	-	29,134	29,134
Other comprehensive income (loss)	-	-	(769)	(192)	1	(238)	(1,198)
Dividend paid to shareholders							
2018 final dividend \$1.43 per share	-	-	-	-	-	(5,282)	(5,282)
2019 interim dividend \$0.52 per share	-	-	-	-	-	(1,921)	(1,921)
Balance at 31 December 2019	(69,014)	166	(3,511)	70	(7)	170,910	98,614

At the year end date, exchange reserve included accumulated gain on net investment hedges of \$1,797 million (31 December 2018 – \$2,888 million, 1 January 2018 – loss of \$1,998 million).

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Note	2019 \$ Million	2018 \$ Million
Operating activities			
Cash generated from operations	(a)	42,355	17,195
Investment in/loan advance to joint ventures		–	(10)
Dividend/loan repayment from joint ventures		–	480
Interest received		4,080	3,666
Profits tax paid		(4,520)	(7,364)
Net cash from operating activities		41,915	13,967
Investing activities			
Investment in/loan advance to joint ventures		(658)	(1,921)
Dividend/loan repayment from joint ventures		1,047	873
Dividend/distribution from associates		517	455
Dividend/distribution from investments		867	437
(Increase) decrease in loan receivables		10,230	(10,230)
Acquisition of Greene King plc (“Greene King”)	(c)	(24,950)	–
Acquisition of investments		(16)	(10,536)
Acquisition of investment properties		(260)	(12,950)
Acquisition of aircraft		(3,546)	(3,909)
Acquisition of other fixed assets		(677)	(1,125)
Disposal of investment properties		398	36,110
Disposal of aircraft		286	743
Disposal of other fixed assets		138	527
Disposal of investments		665	–
Net cash received on hedging instruments		1,117	721
Net cash used in investing activities		(14,842)	(805)
Financing activities			
Borrowing of bank and other loans		1,512	19,412
Repayment of bank and other loans		(13,465)	(21,177)
Settlement of lease liabilities		(125)	–
Distribution of perpetual capital securities		(541)	(541)
Dividend paid to non-controlling interests		(539)	(354)
Dividend paid to shareholders		(7,203)	(6,471)
Decrease in funding from non-controlling interests		(250)	(560)
Buy-back and cancellation of issued shares		–	(232)
Interest and other finance costs paid		(2,136)	(1,834)
Net cash used in financing activities		(22,747)	(11,757)
Net increase in cash and cash equivalents		4,326	1,405
Translation differences		(302)	(357)
Cash and cash equivalents at 1 January		55,417	54,369
Cash and cash equivalents at 31 December	(b)	59,441	55,417

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Notes:

(a) Cash generated from operations

	2019 \$ Million	2018 \$ Million
Profit before taxation	37,510	49,175
Interest income	(3,989)	(3,835)
Interest and other finance costs	1,291	1,079
Dividend/distribution from investments	(999)	(437)
Depreciation	2,192	1,771
Gain on financial instruments	(2,190)	(511)
Change in fair value of investment properties	(228)	(3,993)
Surplus on disposal of investment properties	–	(11,850)
Profit on disposal of hotel properties	–	(675)
Share of profit of joint ventures	(587)	(420)
Share of profit of associates	(175)	(218)
Others	349	107
Changes in operating working capital		
(Increase) decrease in properties for sale	21,036	(9,797)
(Increase) decrease in debtors, prepayments and others	(1,258)	548
(Increase) decrease in loan receivables	5,906	(3,356)
Decrease in joint venture contracted for sale	–	1,493
(Increase) decrease in restricted bank balances	445	(760)
Increase in creditors, accruals and others	1,216	80
Decrease in customers' deposits received	(18,164)	(1,206)
	9,181	(12,998)
	42,355	17,195

(b) Cash and cash equivalents

	2019 \$ Million	2018 \$ Million
Bank balances and deposits	60,304	56,725
Less: restricted bank balances	(863)	(1,308)
	59,441	55,417

Restricted bank balances represent property sale proceeds placed with banks in accordance with the requirements of property development on the Mainland and are restricted for use until certain conditions are fulfilled.

(c) Acquisition of Greene King

On 30 October 2019, the Group completed the acquisition of all the issued ordinary shares of Greene King in the United Kingdom for a total consideration of \$26,504 million. Greene King is a leading integrated brewer and pub retailer operating over 2,700 pubs, restaurants and hotels across England, Wales and Scotland.

The fair values of identifiable assets acquired and liabilities assumed are as follows:

	\$ Million
Fixed assets	52,960
Other non-current assets	1,521
Debtors, prepayments and others	1,445
Loan receivables	219
Bank balances and deposits	1,554
Creditors, accruals and others	(4,505)
Bank and other loans	(22,219)
Provision for taxation	(77)
Deferred tax liabilities	(1,359)
Lease liabilities	(6,845)
Derivative financial instruments	(2,499)
Net assets acquired	20,195

Goodwill on acquisition arises as a result of Greene King's leading position in its business, strong sustainable cash flow and long term steady profit margin and is measured as follows:

	\$ Million
Consideration paid	26,504
Less: net assets acquired	(20,195)
Goodwill on acquisition	6,309

Cash flow effect of the acquisition is as follows:

	\$ Million
Consideration paid	26,504
Less: bank balances and deposits acquired	(1,554)
Net cash outflow	24,950

Revenue and net profit of Greene King's operation for the period from acquisition to year end date amounted to \$3,611 million and \$311 million respectively. If acquisition had taken place on 1 January 2019, revenue and net profit of Greene King's operation for the year would be \$22,586 million and \$1,444 million respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. General Information

The Company is an exempted company with limited liability incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited. The addresses of its registered office and principal place of business are set out on page 212 of the annual report.

The consolidated financial statements set out on pages 146 to 188 were reported in Hong Kong dollars and approved by the Board of Directors on 19 March 2020.

2. Principal Accounting Policies

(a) Basis of preparation

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRSs") under the historical cost convention except for investment properties, investments and derivative financial instruments which are stated at fair values as described in (g), (h) and (i).

The International Accounting Standards Board has issued a number of new and revised IFRSs. Adoption of the new and revised IFRSs effective for annual accounting periods beginning on 1 January 2019 has no significant impact on the Group's results and financial position. For the following IFRSs which are not yet effective, the Group is in the process of assessing their impact on the Group's results and financial position. Based on preliminary assessment, no significant impact is anticipated for the adoption of IFRSs scheduled to be effective in 2020.

Effective for annual accounting periods beginning on 1 January 2020

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

Effective for annual accounting periods beginning on 1 January 2021

IFRS 17	Insurance Contracts
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Effective for annual accounting periods beginning on 1 January 2022

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
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Effective date not yet determined

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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2. Principal Accounting Policies *(continued)*

(b) Consolidation

The consolidated financial statements include the financial statements of the Company and its direct and indirect subsidiaries made up to the year end date, and incorporate the Group's interests in joint ventures and associates as described in (d) and (e).

Results of subsidiaries, joint ventures and associates acquired or disposed of during the year are included for the periods from the effective dates of acquisition to the year end date, or up to the dates of disposal, as the case may be. Goodwill on acquisition of subsidiaries is carried at cost and reviewed for impairment annually. Impairment, if any, is charged to consolidated income statement.

(c) Subsidiaries

A subsidiary is an entity which the Group has (i) power over the entity; (ii) exposure, or rights, to variable returns from involvement with the entity; and (iii) ability to use its power over the entity to affect the amount of returns.

(d) Joint ventures

A joint venture is an entity of which the Group shares joint control under contractual arrangements with other parties on decisions that significantly affect its returns.

Investments in joint ventures are carried in the consolidated financial statements at cost plus share of post-acquisition results less dividends received and provision for impairment.

Results of joint ventures are incorporated in the consolidated financial statements to the extent of the Group's share of total comprehensive income based on their financial statements made up to 31 December 2019 and where necessary, adjusted to ensure consistency with the Group's accounting policies.

(e) Associates

An associate is an entity, other than a subsidiary or a joint venture, of which the Group has significant influence over its financial and operating policy decisions.

Investments in associates are carried in the consolidated financial statements at cost plus share of post-acquisition results less dividends/distributions received and provision for impairment.

Results of associates are incorporated in the consolidated financial statements to the extent of the Group's share of total comprehensive income based on their financial statements made up to 31 December 2019 and where necessary, adjusted to ensure consistency with the Group's accounting policies.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Principal Accounting Policies (continued)

(f) Fixed assets

Fixed assets are stated at cost less depreciation, except for freehold land, and provision for impairment. Impairment, if any, is provided for after taking into account the fair value of fixed asset and its value in use.

For hotel and serviced suite properties and properties for own use, leasehold land is amortised over the remaining term of the lease and buildings are depreciated over the shorter of 50 years or the remaining term of the underlying land lease, on a straight-line basis, after deducting estimated residual values.

Aircraft are depreciated over the expected remaining useful lives on a straight-line basis after deducting estimated residual values. Other fixed assets are depreciated over useful lives on a straight-line basis.

(g) Investment properties

Investment properties held for rental are stated at fair value. Investment properties under development are stated at fair value when their fair values become reliably determinable or upon completion of construction, whichever is the earlier, otherwise at cost less provision for impairment. Changes in fair value are recognised through profit or loss.

(h) Investments

Investments are stated at fair value. Depending on the nature and characteristics of the investments, changes in fair value are recognised either through other comprehensive income, or through profit or loss.

(i) Derivative financial instruments

Derivative financial instruments are stated at fair value and changes in fair value are recognised through profit or loss.

For derivative financial instruments that qualify for hedging as (i) fair value hedges – changes in fair value are recognised through profit or loss with the associated changes in fair value of the hedged assets or liabilities; (ii) net investment hedges – changes in fair value are recognised through other comprehensive income and the cumulated changes in fair value are reclassified to income statement upon disposal of the hedged investments; and (iii) cash flow hedges – changes in fair value are recognised through other comprehensive income and the associated changes in fair value are reclassified to income statement when the hedged transactions affect profit or loss.

2. Principal Accounting Policies *(continued)*

(j) Leased assets

Leased assets which the Group has the right to use for a lease term are stated initially at the present value of the minimum future lease payments and are depreciated over the term of lease on a straight-line basis.

(k) Properties for sale

Properties for sale are stated at the lower of cost and net realisable value. Net realisable value is determined with reference to sale proceeds received after the year end date less costs incurred, or by management estimates based on prevailing market conditions.

Costs of properties include acquisition costs, development expenditure, interest and other costs attributable to the properties. Costs of properties of subsidiaries are adjusted in the consolidated financial statements to reflect the Group's actual costs incurred where appropriate.

(l) Debtors and receivables

Debtors and receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method less provision for impairment.

(m) Bank and other loans

Bank and other loans are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

(n) Creditors

Creditors are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

(o) Lease liabilities

Lease liabilities are initially recognised at the present value of the minimum future lease payments and subsequently carried at amortised cost using the effective interest method.

(p) Pension obligations

Defined benefit obligations are stated at the present value of estimated future cash outflows after taking into account the fair value of pension scheme assets. Gain or loss on remeasurement of defined benefit obligations is recognised through other comprehensive income.

Costs of defined benefit schemes are charged to income statement using the projected unit credit method to spread the costs over the service lives of employees. Contributions to defined contribution schemes are charged to income statement when services are provided by employees.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Principal Accounting Policies (continued)

(q) Revenue recognition

Revenue of property sale is recognised when the control of property is transferred with the associated risks and rewards to purchaser. Payments received from purchasers prior to revenue recognition are accounted for as customers' deposits received.

Revenue of property rental and aircraft leasing are recognised over the lease term on a straight-line basis. Revenue of hotel and serviced suite operation is recognised upon provision of services. Revenue of property and project management is recognised when services are rendered. Revenue of pub operation and infrastructure and utility asset operation are recognised upon provision of goods and services.

(r) Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the year end date. Transactions in foreign currencies are converted at the rates of exchange ruling at the transaction dates. Exchange differences are recognised through profit or loss.

For translation of financial statements of subsidiaries, joint ventures and associates denominated in foreign currencies for consolidation, assets and liabilities are translated at the rates of exchange ruling at the year end date and results are translated at the average rates of exchange during the year. Exchange differences are recognised through other comprehensive income.

(s) Taxation

Profits tax is provided for, using the applicable enacted rates at the year end date, on estimated taxable profits less available tax relief for losses of each individual company comprising the Group.

Deferred tax liabilities are provided for, using the applicable enacted rates, on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets are recognised, using the applicable enacted rates, to the extent that future taxable profits will be available and deductible temporary differences and unused tax losses can be utilised to offset the profits.

(t) Borrowing costs

Borrowing costs incurred are charged to income statement unless they are capitalised as being directly attributable to property acquisition and development which necessarily take a substantial period of time to complete.

3. Revenue and Profit Contribution

The principal activities of the Group are property development and investment, hotel and serviced suite operation, property and project management, aircraft leasing, pub operation and investment in infrastructure and utility asset operation.

Revenue by principal activities is as follows:

	Group		Joint ventures		Total	
	2019 \$ Million	2018 \$ Million	2019 \$ Million	2018 \$ Million	2019 \$ Million	2018 \$ Million
Property sales	64,099	34,763	9	4	64,108	34,767
Property rental	7,302	7,479	148	156	7,450	7,635
Hotel and serviced suite operation	4,168	5,136	17	16	4,185	5,152
Property and project management	827	826	41	58	868	884
Aircraft leasing	2,375	2,164	817	785	3,192	2,949
Pub operation	3,611	–	–	–	3,611	–
Infrastructure and utility asset operation	–	–	12,905	13,094	12,905	13,094
	82,382	50,368	13,937	14,113	96,319	64,481

and is summarised by location as follows:

	2019 \$ Million	2018 \$ Million
Hong Kong	60,337	23,094
The Mainland	14,713	23,809
Overseas	21,269	17,578
	96,319	64,481

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Revenue and Profit Contribution (continued)

Profit contribution by principal activities after allocation of operating costs and other income is as follows:

	Group		Joint ventures		Total	
	2019 \$ Million	2018 \$ Million	2019 \$ Million	2018 \$ Million	2019 \$ Million	2018 \$ Million
Property sales	21,377	12,003	(5)	–	21,372	12,003
Property rental	6,766	6,791	131	139	6,897	6,930
Hotel and serviced suite operation	1,367	1,944	(22)	(20)	1,345	1,924
Property and project management	337	331	25	40	362	371
Aircraft leasing	1,048	872	467	404	1,515	1,276
Pub operation	555	–	–	–	555	–
Infrastructure and utility asset operation	630	109	3,894	3,925	4,524	4,034
	32,080	22,050	4,490	4,488	36,570	26,538
Interest and other finance costs	(1,291)	(1,079)	(1,313)	(1,184)	(2,604)	(2,263)
	30,789	20,971	3,177	3,304	33,966	24,275
Profit on disposal of a property development joint venture					–	6,989
Interests in real estate investment trusts					494	538
Gain on financial instruments					2,190	511
Change in fair value of investment properties						
Group					228	3,993
Joint ventures					–	18
Surplus on disposal of investment properties					–	11,850
Profit on disposal of hotel properties					–	675
Others					1,240	717
Taxation						
Group					(7,464)	(7,541)
Joint ventures					(608)	(391)
Profit attributable to non-controlling interests and perpetual capital securities					(912)	(1,517)
Profit attributable to shareholders					29,134	40,117

Information on profit contribution by principal activities is set out in management discussion and analysis on pages 15 to 27 of the annual report.

4. Profit before Taxation

	2019 \$ Million	2018 \$ Million
Profit before taxation is arrived at after charging:		
Interest and other finance costs		
Bank and other loans	1,984	2,010
Less: amount capitalised (note (a))	(732)	(931)
	1,252	1,079
Lease liabilities	39	–
Directors' emoluments (note (b))	337	324
Auditors' remuneration	31	25
Costs of properties sold	36,591	19,869
Costs of pub products sold	1,171	–
Commission for property sale	1,877	878
Provision for property stock	1,776	–
Change in fair value of investments	–	453
Exchange differences	206	433
and after crediting:		
Interest income		
Bank balances and deposits	948	650
Loan receivables	1,071	1,007
Investments	4	3
Dividend/distribution from investments	999	437
Change in fair value of investments	750	–

Notes:

- (a) Interest and other finance costs were capitalised to property development projects at rates which approximated to the weighted average cost of 2.9% (2018 – 2.8%) for general borrowings.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Profit before Taxation (continued)

- (b) Directors' emoluments paid to directors (including the five highest paid individuals in the Group) in connection with the management of affairs of the Company and its subsidiaries are as follows:

	Director's Fees \$ Million	Salaries, Allowances and Benefits in Kind \$ Million	Pension Scheme Contribution \$ Million	Discretionary Bonus \$ Million	Inducement or Compensation Fee \$ Million	2019 Total \$ Million	2018 Total \$ Million
Victor T K Li	0.28	58.04	5.80	32.76	-	96.88	94.42
Kam Hing Lam	0.22	24.85	2.48	1.11	-	28.66	27.82
Ip Tak Chuen, Edmond	0.22	23.04	2.30	2.81	-	28.37	26.46
Chung Sun Keung, Davy	0.22	12.90	1.29	22.44	-	36.85	35.44
Chiu Kwok Hung, Justin	0.22	13.12	1.31	22.45	-	37.10	35.69
Chow Wai Kam, Raymond	0.22	5.76	0.51	27.49	-	33.98	32.65
Pau Yee Wan, Ezra	0.22	14.63	1.46	17.81	-	34.12	32.81
Woo Chia Ching, Grace	0.22	14.64	1.46	22.35	-	38.67	37.18
Cheong Ying Chew, Henry	0.41	-	-	-	-	0.41	0.41
Chow Nin Mow, Albert	0.35	-	-	-	-	0.35	0.35
Hung Siu-lin, Katherine	0.41	-	-	-	-	0.41	0.41
Colin Stevens Russel	0.35	-	-	-	-	0.35	0.35
Donald Jeffrey Roberts	0.35	-	-	-	-	0.35	0.35
Yeh Yuan Chang, Anthony	-	-	-	-	-	-	0.09
Total for 2019	3.69	166.98	16.61	149.22	-	336.50	
Total for 2018	3.76	160.34	15.95	144.38	-		324.43

All Directors received an annual fee of \$220,000 each and Directors acting as members of Audit Committee and/or Remuneration Committee received an additional annual fee of \$130,000 each for the former and \$60,000 each for the latter.

5. Taxation

	2019 \$ Million	2018 \$ Million
Current tax		
Hong Kong	3,795	1,707
Outside Hong Kong	3,041	5,205
Deferred tax	628	629
	7,464	7,541

Profits tax is provided for at the rate of 16.5% (2018 – 16.5%) on the estimated taxable profits in Hong Kong. Tax outside Hong Kong is provided for at the local enacted rates on the estimated taxable profits of the individual company concerned.

Profit before results of joint ventures and associates is reconciled with taxation as follows:

	2019 \$ Million	2018 \$ Million
Profit before taxation	37,510	49,175
Less: share of profit of joint ventures	(587)	(420)
share of profit of associates	(175)	(218)
	36,748	48,537
Tax at the profits tax rate of 16.5% in Hong Kong, the principal place of business	6,063	8,009
Tax at different rates for locations outside Hong Kong	1,976	2,874
Dividend/distribution income	(56)	(54)
Fair value changes of investment properties	(85)	(708)
Surplus on disposal of hotel and investment properties	–	(2,067)
Tax losses and deductible temporary differences	171	(80)
Non-assessable/deductible items	(749)	(519)
Deferred tax assets derecognised	139	67
Others	5	19
Taxation	7,464	7,541

6. Earnings Per Share

The calculation of earnings per share is based on profit attributable to shareholders and on 3,693,400,500 shares (2018 – the weighted average of 3,696,161,344 shares) in issue during the year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Dividends

Dividends paid and proposed for the year by the Company are as follows:

	2019 \$ Million	2018 \$ Million
Interim dividend paid at \$0.52 (2018 – \$0.47) per share	1,921	1,738
Final dividend proposed at \$1.58 (2018 – \$1.43) per share	5,835	5,282
	7,756	7,020

At the year end date, the Company's reserves available for distribution to shareholders amounted to \$259,771 million (2018 – \$257,243 million). Final dividend proposed for 2018 was approved by shareholders on 16 May 2019 and paid on 31 May 2019.

8. Fixed Assets

	Land and buildings (including hotels and serviced suites)						Total \$ Million
	Completed \$ Million	Under development \$ Million	Leasehold land \$ Million	Leased properties \$ Million	Aircraft \$ Million	Other assets \$ Million	
Cost							
At 1 January 2018	23,136	2,683	–	–	18,330	3,274	47,423
Additions	6	911	–	–	3,912	191	5,020
Disposals	(1,782)	–	–	–	(846)	(437)	(3,065)
Translation differences	(39)	–	–	–	–	(19)	(58)
At 31 December 2018	21,321	3,594	–	–	21,396	3,009	49,320
Additions	133	182	–	73	3,440	455	4,283
Transfer from investment properties	3,734	–	–	–	–	–	3,734
Acquisition of Greene King	40,571	–	–	7,491	–	4,898	52,960
Reclassification	(8,232)	(3,776)	11,987	–	–	21	–
Disposals	(131)	–	–	–	(302)	(103)	(536)
Translation differences	1,120	–	(2)	193	–	112	1,423
At 31 December 2019	58,516	–	11,985	7,757	24,534	8,392	111,184
Accumulated depreciation/provisions							
At 1 January 2018	8,559	–	–	–	971	2,556	12,086
Depreciation	467	–	–	–	1,073	231	1,771
Disposals	(1,657)	–	–	–	(64)	(437)	(2,158)
Translation differences	(20)	–	–	–	–	(19)	(39)
At 31 December 2018	7,349	–	–	–	1,980	2,331	11,660
Reclassification	(3,623)	–	3,623	–	–	–	–
Depreciation	277	–	233	109	1,199	374	2,192
Disposals	(29)	–	–	–	(40)	(95)	(164)
Translation differences	(10)	–	(1)	–	–	(12)	(23)
At 31 December 2019	3,964	–	3,855	109	3,139	2,598	13,665
Net book value							
At 31 December 2019	54,552	–	8,130	7,648	21,395	5,794	97,519
At 31 December 2018	13,972	3,594	–	–	19,416	678	37,660

8. Fixed Assets (continued)

Analysis of aircraft by geographical location is not practicable as aircraft are movable assets leased to airline operators. Other fixed assets are summarised by location as follows:

	2019 \$ Million	2018 \$ Million
Hong Kong	17,313	17,472
The United Kingdom	58,076	1
Other locations	735	771
	76,124	18,244

Depreciation for the year by principal activities is as follows:

	2019 \$ Million	2018 \$ Million
Property sales	39	25
Property rental	97	95
Hotel and serviced suite operation	569	561
Property and project management	23	16
Aircraft leasing	1,200	1,074
Pub operation	264	–
	2,192	1,771

9. Investment Properties

	Completed \$ Million	Under development \$ Million	Total \$ Million
At 1 January 2018	135,998	–	135,998
Additions	12,833	–	12,833
Disposals	(28,280)	–	(28,280)
Change in fair value	3,993	–	3,993
Translation differences	(1,066)	–	(1,066)
At 31 December 2018	123,478	–	123,478
Reclassification	(13,170)	13,170	–
Additions	220	24	244
Disposals	(401)	–	(401)
Change in fair value	52	176	228
Transfer to fixed assets/property development	(3,972)	–	(3,972)
Translation differences	255	–	255
At 31 December 2019	106,462	13,370	119,832

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Investment Properties (continued)

Gross rental income and direct operating expenses of investment properties for the year amounted to \$6,551 million (2018 – \$6,937 million) and \$82 million (2018 – \$105 million) respectively.

At the year end date:

- (a) investment properties with carrying amounts of \$104,183 million (2018 – \$103,633 million) and \$15,649 million (2018 – \$19,845 million), based on independent professional valuation, were located in Hong Kong and outside Hong Kong respectively;
- (b) investment properties in Hong Kong were fair valued by Cushman & Wakefield Limited, independent professional valuers, using the valuation methods and inputs described in (c) and (d); and valuations were dependent on the determination of inputs which involved judgements and estimates after considering the information available;
- (c) fair values of completed investment properties were derived using the income capitalisation method and by adopting appropriate capitalisation rates ranging from 4% to 8% after the current rental income and reversionary income potential of the investment properties were considered;
- (d) investment properties under development were fair valued as if they had been completed using the income capitalisation method and a capitalisation rate of 4%, and then costs to completion and profit margins were deducted to arrive at their fair values using the residual method; and
- (e) capitalisation rates were adopted after analysis of relevant observable market transactions and interpretation of indirectly observable market information; and capitalisation rates adopted would be inversely related to the values derived.

10. Joint Ventures

	2019 \$ Million	2018 \$ Million
Investments in joint ventures – unlisted	22,104	21,799
Share of results less dividends	(801)	(579)
	21,303	21,220
Loans to joint ventures		
Interest bearing loans – repayable within 5 years	6,014	3,689
Interest bearing loans – repayable after 5 years	2,980	5,890
Subordinated interest bearing loans – repayable within 5 years	20,776	21,371
Subordinated interest bearing loans – repayable after 5 years	7,852	7,386
Non-interest bearing loans – no fixed repayment terms	446	286
	59,371	59,842

Loans to joint ventures are made on a pro rata basis and interest bearing loans carry interest at rates ranging from 4.4% to 7.5%.

10. Joint Ventures (continued)

At the year end date, particulars of the major joint ventures are as follows:

Joint venture	Equity interest of the Group	Principal activities and places of businesses
CK William UK Holdings Limited – incorporated in the United Kingdom for investment in the DUET Group (“CK William JV”)	40%	An owner and operator of energy utility assets in Australia, the United States, Canada and the United Kingdom
CKP (Canada) Holdings Limited – incorporated in Canada for investment in the Reliance Group (“CKP (Canada) JV”)	75%	A building equipment and service provider under the consumer brand identity of “Reliance Home Comfort” in Canada
Sarvana S.à r.l. – incorporated in Luxembourg for investment in the ista Group (“Sarvana JV”)	65%	A fully integrated energy management service provider operated by the ista Group in Europe

During the year, dividend received from CKP (Canada) JV amounted to \$108 million (2018 – \$107 million) and no dividend was received from CK William JV (2018 – \$113 million) and Sarvana JV.

Summarised financial information of the major joint ventures is as follows:

For the year ended	CK William JV		CKP (Canada) JV		Sarvana JV	
	2019 \$ Million	2018 \$ Million	2019 \$ Million	2018 \$ Million	2019 \$ Million	2018 \$ Million
Revenue	10,394	10,888	4,723	4,501	8,008	8,251
Operating profit before interest, taxation, depreciation and amortisation	6,803	6,438	2,643	2,518	3,575	3,473
Interest expense	(2,598)	(2,790)	(1,223)	(1,219)	(1,767)	(1,829)
Depreciation and amortisation	(2,379)	(2,638)	(1,195)	(1,112)	(1,649)	(1,564)
Taxation	(591)	(304)	(56)	(46)	(514)	(284)
Net profit (loss)	1,235	706	169	141	(355)	(204)
Other comprehensive income (loss)	(558)	(2,074)	278	(458)	(322)	(242)
Non-controlling interests	(185)	(108)	–	–	–	(2)
Total comprehensive income (loss)	492	(1,476)	447	(317)	(677)	(448)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Joint Ventures (continued)

At the year end date	CK William JV		CKP (Canada) JV		Sarvana JV	
	2019 \$ Million	2018 \$ Million	2019 \$ Million	2018 \$ Million	2019 \$ Million	2018 \$ Million
Non-current assets	89,253	86,570	32,625	30,464	61,394	63,035
Current assets						
Cash and cash equivalents	1,527	513	191	278	1,015	778
Other current assets	1,870	2,190	665	638	1,670	1,895
	3,397	2,703	856	916	2,685	2,673
Current liabilities						
Bank and other loans	(5,065)	(5,059)	(1,798)	(1,916)	(13,929)	(1)
Trade creditors, provisions and others	(3,257)	(3,106)	(867)	(685)	(1,326)	(1,384)
Other financial liabilities	(551)	(1)	(252)	–	(117)	–
Other non-financial liabilities	(295)	(399)	(198)	(165)	(1,485)	(1,425)
	(9,168)	(8,565)	(3,115)	(2,766)	(16,857)	(2,810)
Non-current liabilities						
Shareholders' loan	(22,027)	(22,080)	(10,470)	(9,849)	(31,963)	(32,878)
Bank and other loans	(33,942)	(31,915)	(9,461)	(8,977)	–	(14,412)
Trade creditors, provisions and others	(4,375)	(4,651)	(76)	(100)	(173)	(79)
Other financial liabilities	(1,391)	(1,046)	(149)	–	(415)	–
Other non-financial liabilities	(2,586)	(2,137)	(3,345)	(3,126)	(9,771)	(9,951)
	(64,321)	(61,829)	(23,501)	(22,052)	(42,322)	(57,320)
Net assets	19,161	18,879	6,865	6,562	4,900	5,578
Non-controlling interests	358	148	–	–	–	(1)
Shareholders' equity	19,519	19,027	6,865	6,562	4,900	5,577
Shareholders' equity shared by the Group	7,808	7,611	5,149	4,922	3,185	3,625
Capitalised costs	55	55	–	–	72	72
Carrying amount	7,863	7,666	5,149	4,922	3,257	3,697

At the year end date, the aggregated carrying amount of other joint ventures was \$5,034 million (2018 – \$4,935 million) and the Group's share of results of other joint ventures are as follows:

For the year ended	2019 \$ Million	2018 \$ Million
Net profit	271	209
Other comprehensive loss	(119)	(65)
Total comprehensive income	152	144

11. Associates

	2019 \$ Million	2018 \$ Million
Investment in an associate – listed in Hong Kong	8,448	8,363
Share of results less distributions	(1,448)	(1,107)
	7,000	7,256
Market value on quoted market price	6,950	6,778

At the year end date, particulars of the associate are as follows:

Name	Equity interest of the Group	Principal activities and place of business
Hui Xian Real Estate Investment Trust (“Hui Xian REIT”)	32.2%	Investment in hotels and serviced suites, office and retail properties on the Mainland

Summarised financial information of Hui Xian REIT is as follows:

For the year ended	2019 RMB Million	2018 RMB Million
Revenue	3,169	3,201
Profit attributable to unitholders	484	574

At the year end date	2019 RMB Million	2018 RMB Million
Non-current assets	39,521	39,736
Current assets	6,954	6,431
Current liabilities	(3,134)	(2,642)
Non-current liabilities	(16,523)	(16,120)
Non-controlling interests	(287)	(319)
Net assets before distribution payable	26,531	27,086

The Group’s share of net assets before distribution payable amounted to \$9,568 million (2018 – \$10,004 million) at the year end exchange rate. During the year, distribution received from Hui Xian REIT amounted to \$517 million (2018 – \$583 million).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Investments

	2019 \$ Million	2018 \$ Million
Investments measured at fair value through profit or loss		
Equity securities listed in Hong Kong	5,617	3,476
Equity securities listed outside Hong Kong	–	2,056
Equity securities unlisted	1,065	1,065
Investments in infrastructure businesses	9,575	9,575
Investment in a hotel development project	589	563
	16,846	16,735
Investments measured at fair value through other comprehensive income		
Debt securities listed in Hong Kong	78	61
	16,924	16,796

13. Goodwill

	2019 \$ Million	2018 \$ Million
At 1 January	–	–
Goodwill on acquisition of Greene King	6,309	–
Translation differences	183	–
At 31 December	6,492	–

Goodwill was recognised on the acquisition of Greene King, an operator of pub and related businesses in the United Kingdom. The pub operation of Greene King constituted a new segment of group activities.

When assessing goodwill for impairment, the recoverable amount of pub operation was determined on a value in use basis, using 5 year projected cash flow from operation, a long term growth rate of 1% and a terminal value calculated using Gordon Growth Model. A pre-tax discount rate of approximately 8% was used to arrive at the present value of the recoverable amount which was not less than the aggregate carrying amount of pub operation and recognised goodwill.

14. Deferred Tax

	2019 \$ Million	2018 \$ Million
Deferred tax assets	2,688	3,134
Deferred tax liabilities	(13,836)	(12,474)
Net deferred tax liabilities	(11,148)	(9,340)

Analysis of net deferred tax liabilities is as follows:

	2019 \$ Million	2018 \$ Million
Accelerated tax depreciation	(5,596)	(3,815)
Fair value changes of investment properties	(177)	(257)
Increase in value of properties	(5,664)	(5,775)
Retained earnings of subsidiaries	(890)	(1,065)
Tax losses	1,259	1,410
Other temporary differences	(80)	162
	(11,148)	(9,340)

Movements of net deferred tax liabilities are as follows:

	2019 \$ Million	2018 \$ Million
At 1 January	(9,340)	(8,935)
Net credit (charge) to profit or loss		
Accelerated tax depreciation	(402)	(263)
Fair value changes of investment properties	75	74
Increase in value of properties	(18)	(761)
Retained earnings of subsidiaries	148	(218)
Tax losses	(150)	180
Other temporary differences	(281)	359
Acquisition of Greene King	(1,359)	–
Translation differences	179	224
At 31 December	(11,148)	(9,340)

At the year end date, no deferred tax asset was recognised for (i) deductible temporary differences amounting to \$4,096 million (2018 – \$2,914 million); and (ii) tax losses amounting to \$5,141 million (2018 – \$4,054 million) of which \$954 million (2018 – \$244 million) would expire within 5 years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Other Non-Current Assets

	2019 \$ Million	2018 \$ Million
Loan receivables	3,359	3,848
Derivative financial instruments (note 21)	2,892	3,006
Pension assets (note 22)	582	–
Other long term assets	883	–
	7,716	6,854

16. Properties for Sale

	2019 \$ Million	2018 \$ Million
Properties for/under development	46,149	61,155
Joint development projects	27,873	41,571
Completed properties	47,702	39,502
Commission for property sale	206	1,145
	121,930	143,373

At the year end date:

- (a) properties for sale amounting to \$55,462 million (2018 – \$74,908 million) and \$66,262 million (2018 – \$67,320 million) were located in Hong Kong and outside Hong Kong respectively; and
- (b) properties for/under development and joint development projects amounting to \$50,453 million (2018 – \$51,912 million) were not scheduled for completion within twelve months.

17. Debtors, Prepayments and Others

	2019 \$ Million	2018 \$ Million
Trade debtors	1,432	599
Derivative financial instruments (note 21)	591	439
Deposits for derivative financial instruments	715	–
Prepayments and others	4,016	2,672
	6,754	3,710

Deposits for derivative financial instruments are subject to the set-off provisions of contracts for the derivative financial instruments as described in note 21.

Ageing analysis of trade debtors with reference to terms of agreements is as follows:

	2019 \$ Million	2018 \$ Million
Current to one month	1,177	458
Two to three months	92	76
Over three months	163	65
	1,432	599

Ageing analysis of trade debtors past due but not impaired is as follows:

	2019 \$ Million	2018 \$ Million
Overdue within one month	160	110
Overdue for two to three months	92	76
Overdue over three months	163	65
	415	251

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Creditors, Accruals and Others

	2019 \$ Million	2018 \$ Million
Trade creditors	5,494	5,049
Accruals and other creditors	15,799	10,573
Lease liabilities (note 20)	333	–
Derivative financial instruments (note 21)	344	–
	21,970	15,622

Ageing analysis of trade creditors with reference to invoice dates and credit terms is as follows:

	2019 \$ Million	2018 \$ Million
Current to one month	5,428	4,999
Two to three months	34	28
Over three months	32	22
	5,494	5,049

19. Bank and Other Loans

	2019 \$ Million	2018 \$ Million
Bank loans repayable		
within 1 year	6,083	1,829
after 1 year but not exceeding 2 years	16,321	6,737
after 2 years but not exceeding 5 years	26,504	48,912
after 5 years	1,412	1,914
	50,320	59,392
Other loans repayable		
within 1 year	758	–
after 1 year but not exceeding 2 years	4,719	–
after 2 years but not exceeding 5 years	4,216	5,361
after 5 years	20,069	4,739
	29,762	10,100
	80,082	69,492
Less: amounts classified under current liabilities	(6,841)	(1,829)
Amounts classified under non-current liabilities	73,241	67,663

19. Bank and Other Loans (continued)

Movements of bank and other loans are as follows:

	2019 \$ Million	2018 \$ Million
At 1 January	69,492	71,992
Borrowing of bank and other loans	1,512	19,412
Repayment of bank and other loans	(13,465)	(21,177)
Acquisition of Greene King	22,219	–
Amortisation of costs and fair value adjustments	67	192
Translation differences	257	(927)
At 31 December	80,082	69,492

At the year end date:

- (a) bank loans amounting to \$4,213 million (2018 – \$5,286 million) were secured by properties as described in note 26;
- (b) bank loans in RMB carried interest at rates generally within the range from 90% to 110% of the rates prescribed by the People's Bank of China; bank loans in other currencies carried interest at rates generally based on inter-bank offered rates of the relevant currency plus a margin of approximately 1%;
- (c) other loans included the following notes issued by CK Property Finance (MTN) Limited in Hong Kong and guaranteed by the Company:

HK\$750,000,000	2.29% due September 2026 (issued in 2016)
US\$500,000,000	LIBOR+0.78% due December 2021 (issued in 2016)
HK\$1,450,000,000	2.25% due August 2022 (issued in 2017)
HK\$1,100,000,000	3% due April 2027 (issued in 2017)
HK\$896,000,000	2.69% due September 2027 (issued in 2017)
HK\$2,000,000,000	3.57% due September 2028 (issued in 2018)

- (d) other loans also included the following bonds which were repayable by quarterly instalments and were secured by properties as described in note 26:

- (i) issued by Greene King Finance plc and listed on the Irish Stock Exchange

Aggregate principal sum	Interest rate	Final repayment
GBP1,097 million	Fixed rates from 3.59% to 5.7%	2031 – 2035
GBP414 million	LIBOR + margins from 0.95% to 2.5%	2021 – 2036

The above bonds were also secured by charges over the future income stream of the pledged properties.

- (ii) issued by Spirit Issuer plc and listed on the Luxemburg Stock Exchange

Aggregate principal sum	Interest rate	Final repayment
GBP97 million	Fixed rate 5.47%	2032
GBP187 million	LIBOR + 2.7%	2029

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Lease Liabilities

	2019 \$ Million	2018 \$ Million
Lease liabilities	6,969	–
Less: amounts classified under current liabilities (note 18)	(333)	–
Amounts classified under non-current liabilities	6,636	–

Movements of lease liabilities are as follows:

	2019 \$ Million	2018 \$ Million
At 1 January	–	–
Lease liabilities	73	–
Acquisition of Greene King	6,845	–
Lease payment	(164)	–
Interest accretion	39	–
Translation differences	176	–
At 31 December	6,969	–

21. Derivative Financial Instruments

	Assets		Liabilities	
	2019 \$ Million	2018 \$ Million	2019 \$ Million	2018 \$ Million
Currency swaps and forward contracts	3,374	3,283	993	–
Interest rate swaps	100	162	2,569	45
Price index swaps	9	–	–	122
	3,483	3,445	3,562	167
Less: maturities within 1 year (note 17)	(591)	(439)	–	–
maturities within 1 year (note 18)	–	–	(344)	–
	2,892	3,006	3,218	167

During the year, a gain of \$1,440 million (2018 – \$964 million) on financial instruments was recognised through profit or loss due to ineffectiveness of hedging instruments.

21. Derivative Financial Instruments *(continued)*

At the year end date:

- (a) the following currency swaps and forward contracts were in place to hedge the net foreign exchange exposure of investments and operations outside Hong Kong:

Pay	Receive	Maturities
AUD1,250 million	US\$937 million	2020 – 2022
CAD2,145 million	US\$1,612 million	2020 – 2021
EUR3,046 million	US\$3,614 million	2020 – 2023
GBP4,395 million	US\$5,969 million	2020 – 2028
SGD400 million	US\$289 million	2020

- (b) the following interest rate swaps were in place to manage the exposure to interest rate fluctuations:

Notional amount	Pay fixed interest rate	Receive floating interest rate	Maturities
US\$1,466 million	1.2% – 3.2%	LIBOR	2021 – 2028
GBP1,418 million	0.83% – 6.79%	LIBOR	2021 – 2036

- (c) the following price index and currency swaps were in place to convert the annual retail price index adjusted rental of investment properties in GBP into US\$ adjusted annually at fixed rates:

Notional amount	Pay	Receive	Maturities
GBP43 million	Annual retail price index adjusted GBP amount	US\$58 million adjusted annually at fixed rates	2035

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Pension

	2019		2018	
	Greene King Schemes \$ Million	Schemes A and B \$ Million	Greene King Schemes \$ Million	Schemes A and B \$ Million
Present value of defined benefit obligations	(8,757)	(849)	–	(902)
Less: fair value of scheme assets	9,339	713	–	736
Pension assets (liabilities)	582	(136)	–	(166)

Employees pension schemes include defined benefit schemes which are closed to new entrants and defined contribution schemes. Assets of the employees pension schemes are held independently of the Group's assets.

Defined benefit schemes include: (i) provision of benefits based on employer and employee vested contributions plus interest at 6% per annum, or a sum derived by a formula using the final salary and years of service, whichever is greater ("Scheme A"); and (ii) provision of benefits based on employer vested contributions only plus interest at 5% per annum ("Scheme B").

For Scheme A's funding purpose, an independent actuarial valuation as at 30 September 2019 reported a funding level of 103 % of the accrued actuarial liabilities on an ongoing basis. The valuation was performed by Tian Keat Aun, a Fellow of The Institute and Faculty of Actuaries, of Towers Watson Hong Kong Limited using the attained age valuation method which adopted an investment return of 2.75 % per annum and a salary increment of 4% per annum as the main assumptions. For Scheme B, the vested benefits were fully funded.

For pub operation in the United Kingdom, two other defined benefit schemes ("Greene King Schemes") are maintained for employees whose benefits relating to salary and years of service are closed to future accruals. An independent actuarial valuation as at 5 April 2018 for one of the schemes reported a funding shortfall of GBP 25 million and the valuation was performed by Lisa Whitby, a Fellow of The Institute and Faculty of Actuaries using the defined accrued benefit method. An independent actuarial valuation as at 30 June 2018 for the other scheme reported a funding surplus of GBP 11 million and the valuation was performed by Roger Moring, a Fellow of The Institute and Faculty of Actuaries using the projected unit method.

Costs of defined benefit schemes amounting to \$52 million (2018 – \$60 million) were charged to income statement and a loss of \$117 million (2018 – \$17 million) on remeasurement of defined benefit obligations was recognised in other comprehensive income. Employers' contributions to defined benefit schemes amounted to \$42 million (2018 – \$41 million) for the year and forfeited contributions amounting to \$3 million (2018 – \$5 million) had been used to reduce the employers' contributions.

Defined contribution schemes include occupational retirement schemes and mandatory pension schemes. For occupational retirement schemes, contributions are made either by employer only or by both employer and employees at rates ranging from 5% to 10% of the employees' salary. For mandatory pension schemes, contributions are made by both employer and employees based on the employees' relevant monthly income at rates in compliance with statutory requirements. Employers' contributions to defined contribution schemes amounted to \$317 million (2018 – \$322 million) for the year and forfeited contributions amounting to \$4 million (2018 – \$4 million) had been used to reduce the employers' contributions.

23. Share Capital and Share Premium

	Number of shares	Share capital \$ Million	Share premium \$ Million
Authorised share capital			
Shares of \$1 each	8,000,000,000	8,000	
Issued share capital			
Shares of \$1 each issued			
At 1 January 2018	3,697,498,500	3,698	242,177
Buy-back and cancellation of issued shares	(4,098,000)	(4)	(232)
At 31 December 2018	3,693,400,500	3,694	241,945
At 31 December 2019	3,693,400,500	3,694	241,945

24. Perpetual Capital Securities

In 2017, US\$1,500 million perpetual capital securities were issued with an annual distribution rate of 4.6%. The perpetual capital securities have no fixed maturity and are redeemable at the Group's option on or after 18 May 2020.

Distribution to holders of perpetual capital securities may be deferred at the Group's discretion and in which event, the Company and the issuer will not declare/pay any dividends or distributions, redeem, reduce, cancel or buy-back any of the Company's and/or the issuer's share capital.

25. Operating Leases

Operating leases are contracted generally with a 2 to 6 year term for property rental and a 8 to 12 year term for aircraft leasing. Analysis of future minimum lease payment receivable under non-cancellable operating leases after the year end date is as follows:

	2019 \$ Million	2018 \$ Million
Future minimum lease payment receivable		
in the first year	8,789	8,447
in the second year	6,885	7,023
in the third year	4,765	5,330
in the fourth year	3,549	3,870
in the fifth year	2,637	3,123
thereafter	9,859	16,758
	36,484	44,551

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. Charges on Assets

At the year end date, properties amounting to \$16,021 million (2018 – \$13,393 million) were charged to secure bank loans arranged for property development projects on the Mainland and properties amounting to \$37,058 million were charged to secure other borrowings arranged for pub operation in the United Kingdom.

27. Commitments

At the year end date, the Group had capital commitments for (i) development of investment properties amounting to \$4,136 million (2018 – \$3,650 million); (ii) acquisition of aircraft amounting to \$12,301 million (2018 – \$9,079 million); and (iii) addition of other fixed assets amounting to \$386 million (2018 – \$1,030 million).

28. Contingent Liabilities

At the year end date, the Group provided guarantees for (i) revenue shared by land owner of a hotel project amounting to \$521 million (2018 – \$536 million); (ii) mortgage loans provided by banks to purchasers of properties developed and sold by the Group on the Mainland amounting to \$1,975 million (2018 – \$3,005 million); and (iii) loans provided by banks to a joint venture amounting to \$3,502 million.

29. Financial Risks and Management

The Group's financial assets and financial liabilities include investments, bank balances and deposits, trade debtors, loan receivables, loans to joint ventures, creditors, bank and other loans, derivative financial instruments and lease liabilities. Treasury policies and management of risks and liquidity are described below.

(a) Treasury policies

The Group maintains a conservative approach on foreign exchange exposure management and borrows principally on a floating rate basis. The Group manages and reviews its exposure to foreign exchange rates and interest rates on a regular basis. For investment overseas and at times of exchange rate and interest rate uncertainty or volatility, hedging instruments including swaps and forwards are used in the management of exposure to foreign exchange rate and interest rate fluctuations.

At the year end date, 58.5% of the Group's borrowings were in HK\$ and US\$, and borrowings in RMB, AUD and GBP had been arranged for property projects on the Mainland, investments in infrastructure and utility asset operation in Australia and pub operation in the United Kingdom. The Group derives its revenue from property businesses mainly in HK\$ and RMB and maintains bank balances and deposits substantially in HK\$ and RMB. Income in foreign currencies is generated by overseas investments and operations, and cash in these foreign currencies is maintained for operational requirements.

29. Financial Risks and Management *(continued)*

(b) Risk management

The outstanding amounts of trade debtors, loan receivables and loans to joint ventures are the main exposure to credit risks. Collaterals including properties and other assets are arranged as much as possible to minimise credit risks. Bank balances and deposits are placed with a number of banks to mitigate bank default risk.

Credit risks of trade debtors and loan receivables are assessed generally on a collective basis, unless collection of outstanding amounts from specific debtors become doubtful. Credit risks of loans to joint ventures and other significant transactions are assessed separately. Outstanding balances are reviewed regularly and follow-up actions are carried out promptly on overdue amounts to minimise credit losses. Allowance for credit losses is considered if recovery of outstanding balances is doubtful following credit assessment and determination of realisable value of collaterals.

At the year end date, (i) overdue trade debtors and loan receivables were insignificant; (ii) most of the loan receivables were secured by collaterals; and (iii) loans to joint ventures were fully recoverable based on the current financial positions of joint ventures.

The exposure of investments to price changes is managed by closely monitoring changes in market conditions that may have an impact on prices or factors affecting their fair value. If fair value of the Group's investments was 5% higher/lower at the year end date, profit for the year would increase/decrease by \$842 million (2018 – \$837 million) and investment revaluation reserve would increase/decrease by \$4 million (2018 – \$3 million).

The Group's borrowings are exposed to interest rate fluctuation. An increase/decrease of 1% in interest rates would increase/decrease interest costs for the year by \$430 million (2018 – \$540 million), assuming the change in interest rates had been applied to the Group's borrowings at the year end date which were kept constant throughout the year, and interest amount capitalised would increase/decrease by \$159 million (2018 – \$250 million) using the proportion of interest amount capitalised during the year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Financial Risks and Management (continued)

(c) Liquidity management

The Group monitors its liquidity requirements on a short to medium term basis and arranges bank and other borrowings accordingly. With plenty of cash on hand as well as available banking facilities, the Group's liquidity position remains strong and the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

At the year end date, the undiscounted contractual cash outflows (including interest payments after interest rate swaps where applicable) of the Group's borrowings by maturities were as follows:

	2019 \$ Million	2018 \$ Million
Within 1 year	9,339	3,930
After 1 year but not exceeding 2 years	23,172	8,756
After 2 years but not exceeding 5 years	34,472	57,445
After 5 years	25,910	7,319
	92,893	77,450

At the year end date, the undiscounted contractual cash outflows (including interest payments) of the Group's lease liabilities by maturities were as follows:

	2019 \$ Million	2018 \$ Million
Within 1 year	606	–
After 1 year but not exceeding 2 years	554	–
After 2 years but not exceeding 5 years	1,511	–
After 5 years	10,395	–
	13,066	–

29. Financial Risks and Management *(continued)*

(c) Liquidity management *(continued)*

At the year end date, the undiscounted contractual cash inflows and outflows of the currency swaps and forward contracts designated to hedge the net foreign exchange exposure of overseas investments and operations by maturities were as follows:

	2019	2018
	\$ Million	\$ Million
Cash inflows		
Within 1 year	26,900	10,847
After 1 year but not exceeding 2 years	23,593	16,567
After 2 years but not exceeding 5 years	43,500	36,783
After 5 years	4,682	3,623
	98,675	67,820
Cash outflows		
Within 1 year	26,004	9,626
After 1 year but not exceeding 2 years	23,030	15,351
After 2 years but not exceeding 5 years	41,330	33,913
After 5 years	4,136	2,997
	94,500	61,887

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Fair Value of Financial Assets and Financial Liabilities

Investments and derivative financial instruments are measured at fair value using value inputs in the following categories:

Level 1: quoted prices in active markets

Level 2: inputs other than quoted prices that are observable either directly or indirectly

Level 3: inputs which are not observable market data including discounted cash flow on projections and estimates based on assumptions

The fair values of investments and derivative financial instruments are summarised by level as follows:

	Level 1		Level 2		Level 3	
	2019 \$ Million	2018 \$ Million	2019 \$ Million	2018 \$ Million	2019 \$ Million	2018 \$ Million
Investments						
Listed securities	5,695	5,593	–	–	–	–
Unlisted securities	–	–	–	–	1,065	1,065
Investments in infrastructure businesses	–	–	–	–	9,575	9,575
Investment in a hotel development project	–	–	–	–	589	563
Derivative financial instruments						
– assets	–	–	3,483	3,445	–	–
– liabilities	–	–	(3,562)	(167)	–	–

For fair value measurement of investments using level 3 value inputs, change of the value inputs reasonably to possible alternatives would not have material effect on the Group's results and financial position, and the fair values of these investments had no significant changes between year end dates.

The carrying amounts of other financial assets and financial liabilities, except for lease liabilities, approximated their fair values at the year end date.

31. Capital Management

The Group manages its capital to ensure that it will continue as a going concern while maximising returns to shareholders through the optimisation of debt and equity balances. The Group's capital structure consists of bank and other loan borrowings, shareholders' funds, perpetual capital securities and non-controlling interests as set out in the consolidated statement of financial position. The Group reviews its capital structure on a regular basis and maintains a low net debt to net total capital ratio calculated as follows:

	2019 \$ Million	2018 \$ Million
Bank and other loans	80,082	69,492
Less: bank balances and deposits	(60,304)	(56,725)
Net debt	19,778	12,767
Total equity	361,232	341,028
Net debt	19,778	12,767
Net total capital	381,010	353,795
Net debt to net total capital ratio	5.2%	3.6%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. Statement of Financial Position of the Company

	As at 31 2019 \$ Million	December 2018 \$ Million
Non-current assets		
Fixed assets	5	5
Subsidiaries (note (a))	227,709	229,275
	227,714	229,280
Current assets		
Debtors, prepayments and others	84	67
Bank balances and deposits	36,080	31,957
	36,164	32,024
Current liabilities		
Creditors, accruals and others	329	329
Provision for taxation	84	38
	413	367
Net current assets	35,751	31,657
Net assets	263,465	260,937
Representing:		
Share capital and share premium	245,639	245,639
Reserves (note (b))	17,826	15,298
Shareholders' funds	263,465	260,937

Notes:

- (a) Particulars regarding the principal subsidiaries are set out in the Appendix.
(b) Movements of reserves are as follows:

	Capital redemption reserve \$ Million	Retained profits \$ Million	Total \$ Million
At 1 January 2018	162	12,673	12,835
Profit for the year	–	8,930	8,930
Buy-back and cancellation of issued shares	4	–	4
Dividend paid	–	(6,471)	(6,471)
At 31 December 2018	166	15,132	15,298
Profit for the year	–	9,731	9,731
Dividend paid	–	(7,203)	(7,203)
At 31 December 2019	166	17,660	17,826

Victor T K Li
Director

Ip Tak Chuen, Edmond
Director

PRINCIPAL SUBSIDIARIES

Appendix

The Directors are of the opinion that a full list of subsidiaries will result in particulars of excessive length. Therefore the following list contains only the particulars of subsidiaries which principally affect the revenue, results, net assets or business aspects of the Group. Unless otherwise stated, the subsidiaries were incorporated in Hong Kong and the principal place of operation was in Hong Kong.

Name		Paid up share/ registered capital	Effective percentage held by the Group	Principal activities
Accipiter Holdings Designated Activity Company ¹	US\$	390,565,356	100	Aircraft leasing
Albany Investments Limited	HK\$	1	100	Property development
Almeisan B.V. ²	GBP	1	100	Property investment
Beijing Chang Le Real Estates Development Co., Ltd. ³	US\$	29,000,000	100	Property development
Beijing Po Garden Real Estates Development Co., Ltd. ³	US\$	29,000,000	100	Property development
Bermington Investment Limited	HK\$	2	100	Hotel & serviced suite operation
Bluebutton (5 Broadgate) UK Limited ⁴	GBP	235,718,934	100	Property investment
Bradford Investments Limited	HK\$	1	80	Property development
Bristow Investments Limited	HK\$	1	100	Property development
Cheung Kong Property Development Limited	HK\$	2	100	Project management
Circadian Limited ⁴	GBP	100	100	Property development
Citybase Property Management Limited	HK\$	100,000	100	Property management
CK Global Holdings Limited ⁵	US\$	2,000	100	Property investment
CK Property Finance Limited ⁶	US\$	1	100	Finance
CK Property Finance (MTN) Limited ⁷	US\$	1,000	100	Finance
Consolidated Hotels Limited	HK\$	78,000,000	39	Hotel & serviced suite operation
Crown Treasure Investments Limited	HK\$	1	100	Property development
Dongguan Asia Commercial Hwang Gang Lake Development Company Limited ³	US\$	49,510,000	99.82	Property development
Elbe Office Investments Limited	HK\$	2	100	Property investment
Flying Snow Limited	HK\$	2	100	Property investment
Galaxy Power Investment Limited	HK\$	2	100	Property development
Goodwell Property Management Limited	HK\$	100,000	100	Property management
Great Wall Hotel Joint Venture of Beijing ⁸	US\$	40,000,000	49.82	Hotel & serviced suite operation
Greene King Finance plc ⁴	GBP	12,502	100	Finance
Greene King Limited ⁴	GBP	38,853,807	100	Pub operation
Harbour Grand Hong Kong Limited	HK\$	2	100	Hotel & serviced suite operation
Harbour Plaza 8 Degrees Limited	HK\$	2	100	Hotel & serviced suite operation
Harbour Plaza Hotel Management Limited	HK\$	2	100	Hotel management
Harbour Plaza Metropolis Limited ⁶	US\$	1	100	Hotel & serviced suite operation
Harbour Plaza Resort City Limited ⁶	US\$	10,000	98.47	Hotel & serviced suite operation
Hongville Limited	HK\$	2	100	Property investment
Hutchison Estate Agents Limited	HK\$	50,000	100	Property agency
Hutchison Hotel Hong Kong Limited	HK\$	2	100	Hotel & serviced suite operation
Hutchison Property Group Limited ⁶	US\$	1	100	Project management
Hutchison Whampoa Properties (Chengdu) Limited ⁹	RMB	1,000,000,000	100	Property development
Hutchison Whampoa Properties (Chongqing Nanan) Limited ⁸	RMB	3,300,000,000	95	Property development
Hutchison Whampoa Properties (Nanjing) Limited ⁹	HK\$	4,006,400,000	100	Property development
Hutchison Whampoa Properties (Qingdao) Limited ⁹	US\$	75,000,000	90	Property development
Hutchison Whampoa Properties (Wuhan Jiangnan South) Limited ⁹	US\$	178,700,000	100	Property development
Jubilee Year Investments Limited	HK\$	1	100	Property development

PRINCIPAL SUBSIDIARIES (CONTINUED)

Name	Paid up share/ registered capital	Effective percentage held by the Group	Principal activities
King Century Investments Limited	HK\$ 1	100	Property development
Kingsmark Investments Limited	HK\$ 1	100	Property development & investment
Kovan Treasure Pte. Ltd. ¹⁰	SGD 1,000,000	100	Property development
Matrica Limited	HK\$ 20	100	Hotel & serviced suite operation
New Harbour Investments Limited	HK\$ 1	100	Property development
Ocean Century Investments Limited	HK\$ 1	100	Property development
Pearl Wisdom Limited	HK\$ 2	100	Hotel & serviced suite operation
Queen Investments Limited	HK\$ 1	100	Property development
Radiant Access Limited ⁶	US\$ 1	100	Finance
Randash Investment Limited	HK\$ 110	100	Hotel & serviced suite operation
Rhine Office Investments Limited	HK\$ 2	100	Property investment
Rich View Investments Limited	HK\$ 1	100	Property development
Sai Ling Realty Limited	HK\$ 10,000	100	Property development
Shanghai Changrun Jianghe Property Development Co., Ltd. ⁸	RMB 2,645,560,000	60	Property development
Shanghai Heya Property Development Co., Ltd. ¹¹	RMB 700,000,000	100	Property development
Shanghai Westgate Mall Co., Ltd. ³	US\$ 40,000,000	60	Property investment
Shenzhen Century Place Shopping Mall Limited ³	RMB 620,000,000	80	Property development & investment
Sino China Enterprises Limited	HK\$ 2	100	Hotel & serviced suite operation
Spirit Issuer plc ⁴	GBP 12,502	100	Finance
Swiss Investments Limited	HK\$ 1	100	Property development
Team Ace Enterprises Limited ¹²	US\$ 1	100	Investment holding
The Kowloon Hotel Limited ¹³	US\$ 5	100	Hotel & serviced suite operation
Towerich Limited	HK\$ 2	100	Hotel & serviced suite operation
Turbo Top Limited	HK\$ 2	100	Property investment
Ultimate Sino Investments Limited ⁶	US\$ 40,000	100	Finance
Vember Lord Limited	HK\$ 2	100	Property investment
Winchesto Finance Company Limited	HK\$ 15,000,000	100	Finance

1 Incorporated and operated in Ireland

2 Incorporated in The Netherlands and operated in the United Kingdom

3 Cooperative joint venture registered and operated on the Mainland

4 Incorporated and operated in the United Kingdom

5 Incorporated in the Cayman Islands and operated in Ireland

6 Incorporated in the British Virgin Islands

7 Incorporated in the Cayman Islands

8 Equity joint venture registered and operated on the Mainland

9 Wholly foreign owned enterprise registered and operated on the Mainland

10 Incorporated and operated in Singapore

11 Registered and operated on the Mainland

12 Incorporated in the British Virgin Islands and invested overseas

13 Incorporated in The Bahamas

INDEPENDENT AUDITOR'S REPORT

Deloitte.

德勤

TO THE MEMBERS OF CK ASSET HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of CK Asset Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 146 to 188, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition of property sales</p> <p>We identified revenue recognition of property sales as a key audit matter as it is quantitatively significant to the consolidated income statement and there is judgement involved in determining the appropriate point at which to recognise revenue from property sales.</p> <p>The Group's revenue from property sales for the year ended 31 December 2019 amounted to HK\$64,099 million, which is disclosed in note 3 to the consolidated financial statements, represented 78% of the Group revenue. As disclosed in note 2(q) to the consolidated financial statements, revenue of property sale is recognised when the control of property is transferred with the associated risks and rewards to purchaser.</p>	<p>Our procedures in relation to revenue recognition of property sales included:</p> <ul style="list-style-type: none"> • Testing the management's key controls over revenue recognition; and • Evaluating whether the control of the properties, with the associated risks and rewards, have been transferred to the purchasers, on a sample basis, with reference to the occupation permits and/or the terms set out in the sale and purchase agreements; assessing the progress of the transfer of the properties to the purchasers and the settlement of the considerations for the property sales.
<p>Valuation of investment properties</p> <p>We identified the valuation of investment properties as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the judgements involved in determining the inputs used in the valuation.</p> <p>As at 31 December 2019, the Group's investment properties amounted to HK\$119,832 million and represented 24% of the Group's total assets. As disclosed in note 9 to the consolidated financial statements, the Group's investment properties are stated at fair values based on valuation performed by independent professional valuers ("Valuers"). For the completed investment properties, the fair values are derived using income capitalisation method; and for the investment properties under development, they are fair valued as if they were completed using the income capitalisation method and then costs to completion and profit margins will be deducted to arrive at their fair values using the residual method. The valuations are dependent on certain significant inputs that involve judgements, including reversionary income and appropriate capitalisation rates.</p>	<p>Our procedures in relation to the valuation of the investment properties included:</p> <ul style="list-style-type: none"> • Evaluating the competence, capabilities and objectivity of the Valuers; • Assessing the scope of the valuations, appropriateness of significant assumptions, critical judgements and data used in the valuations and assessing the appropriateness of the methodology and assumptions used; • Checking the reasonableness of source data used in the valuations on a sample basis by benchmarking them to relevant market information; and • Comparing the inputs adopted to the data of the market and assessing the reasonableness of the inputs.

Key audit matter	How our audit addressed the key audit matter
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Determination of the net realisable value of the Properties

We identified the assessment of whether the properties for/under development, joint development projects and completed properties (the "Properties") were stated at the lower of cost and net realisable value ("NRV") as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole and the involvement of estimations in the assessment. As disclosed in note 2(k) to the consolidated financial statements, the Properties are stated at the lower of cost or NRV. As at 31 December 2019, a provision for property stock was made and disclosed in note 4 to the consolidated financial statements. The Properties represented 24% of the Group's total assets. The determination of the NRV involves estimates based on prevailing market conditions and also taking into account the estimated future costs to completion.

Our procedures in relation to assessing whether the Properties were stated at the lower of cost and NRV included:

- Assessing the management's process in estimating the future costs to completion for the Properties, on a sample basis, by comparing them to the actual development cost of similar completed properties of the Group and comparing the adjustments made by the management in the future costs to completion to current market data; and
- Assessing the appropriateness of the NRV of the Properties, on a sample basis, by comparing the NRV to market prices achieved in the same projects or comparable properties, based on the current market development trend, government regulations in the real estate industry and our knowledge of the Group's business.

Other Information

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon ("Other Information").

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Responsibilities of the Directors and the Audit Committee for the Consolidated Financial Statements

The Directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Directors, in particular the Audit Committee, are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(continued)*

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

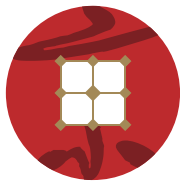
We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Li Man Kei.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
19 March 2020

LISTED REAL ESTATE INVESTMENT TRUSTS



HUI XIAN REIT
匯賢產業信託

Hui Xian REIT is the first RMB-denominated REIT listed in Hong Kong. Its property portfolio spans across retail, office, serviced apartment and hotel sectors on the Mainland. The assets are namely Beijing Oriental Plaza, Chongqing Metropolitan Oriental Plaza, Sofitel Shenyang Lido, Hyatt Regency Liberation Square Chongqing and Sheraton Chengdu Lido Hotel.



1	2	3	4
	5		
	6	7	

1. Beijing Oriental Plaza, Hui Xian REIT's flagship asset
2. Sofitel Shenyang Lido
3. Grand Hyatt Beijing at Beijing Oriental Plaza
4. Hyatt Regency Liberation Square Chongqing
5. The Malls at Beijing Oriental Plaza
6. The Tower Offices at Beijing Oriental Plaza
7. Chongqing Metropolitan Oriental Plaza



LISTED REAL ESTATE INVESTMENT TRUSTS (CONTINUED)

FORTUNE

置富產業信託 REIT

Fortune REIT was established in 2003 and is the first REIT to hold assets in Hong Kong. It is currently listed on the Main Board of The Stock Exchange of Hong Kong Limited and holds a portfolio of 16 private housing estate retail properties in Hong Kong, comprising 3.0 million sq.ft. of retail space and 2,713 car parking spaces.





1,2.+WOO completed renovation of its Phase I in October 2019.

3. Ma On Shan Plaza, one of the largest malls along the MTR Ma On Shan line.

4. Fortune City One, the commercial constituent of the over 10,000-unit City One Shatin residential development.

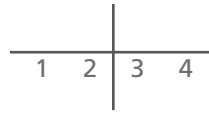
5. Fortune Metropolis, located in the Kowloon transportation hub of Hung Hom. It is directly connected to Hung Hom MTR Station with the Cross Harbour Tunnel just minutes away.

LISTED REAL ESTATE INVESTMENT TRUSTS (CONTINUED)



Prosperity REIT is the first private sector REIT listed on the Main Board of The Stock Exchange of Hong Kong Limited. It owns a diverse portfolio of seven properties in the decentralised business districts of Hong Kong, with a total gross rentable area of 1,275,153 sq.ft., and a total of 498 car park spaces.





1. The Metropolis Tower – Flagship property of Prosperity REIT at Hung Hom Station of the MTR East Rail Line, enjoys convenient transportation access and panoramic sea views of the Victoria Harbour.
2. Prosperity Millennia Plaza – It is strategically located in the Island East office district and adjacent to Harbour Plaza North Point Hotel.
3. 9 Chong Yip Street – It is a Grade A office building located in Kwun Tong which is progressing to CBD2.
4. Prosperity Place – Located in Kwun Tong, within close vicinity of major shopping malls and commercial buildings, positioned as a vertical shopping spot with retail and service trade tenants. With a spacious main lobby with wide street frontage, plus a café and living green wall, it is the most eye catching building on Shing Yip Street.

RISK FACTORS

The Group's businesses, financial conditions, results of operations and growth prospects may be affected by risks and uncertainties directly or indirectly pertaining to the Group's businesses. The risk factors set out below are those that could result in the Group's businesses, financial conditions, results of operations or growth prospects differing materially from expected or historical results. Such factors are by no means exhaustive or comprehensive, and there may be other risks in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future. In addition, this Annual Report does not constitute a recommendation or advice to invest in the shares or other securities of the Company and investors are advised to make their own judgment or consult their own investment advisors before making any investment in the shares or other securities of the Company.

Global Economy

Escalating protectionism as reflected in the trade frictions between the United States and certain major nations, Brexit uncertainties, the fluctuation of the US dollar against major currencies around the world, the increasing geopolitical tensions as well as the recent plunge in global oil prices, all have created uncertainties in the world economy and global financial market. A slowdown in global economic growth could lead to economic contractions in certain markets, commercial and consumer delinquencies, weakened consumer confidence and increased market volatility. The Group is a leading multinational corporation with businesses in Hong Kong, the Mainland, Singapore, the United Kingdom ("UK"), continental Europe, Australia, Canada and the United States. Any adverse economic conditions in those countries and places in which the Group operates may potentially impact on the Group's businesses, financial conditions, results of operations or growth prospects.

Outbreak of Highly Contagious Disease

The recent outbreak of coronavirus disease (COVID-19) in different parts of the world, including the places of businesses at which the Group operates, have a significant adverse impact on most economies due to the community standstill, disruption of business activities, and weakened sentiment in the consumption and tourism related sectors. As the situation of the highly infectious disease is still evolving, the heightened uncertainties surrounding the pandemic may pose a negative impact on the Group's businesses, financial conditions, results of operations or growth prospects. There can be no assurance that there will not be another significant global outbreak of a severe communicable disease, and if such an outbreak were to occur, it may have an impact on the operations of the Group and its results of operations may suffer.

Potential Risks in relation to Brexit

The UK voted in 2016 to leave the European Union ("EU"), resulting in financial market volatility and a fall in the value of the British pound. The UK ceased to be a member state of the EU on 31 January 2020 and entered into a transition period until 31 December 2020. The negotiation outcome between the UK and the EU concerning the trade agreement governing their relationship after the transition period remains uncertain. In any event, Brexit has created significant uncertainty about the future relationship between the UK and the EU, including with respect to the laws and regulations that will apply as the UK will have to determine which EU-derived laws to replace or replicate.

The Group has expanded its presence in the UK through investments in the property, infrastructure and pub businesses, and is, and may increasingly become, exposed to changes in the local political, economic, and regulatory conditions. While the long term implication of Brexit remains to be seen, the continuing uncertainties following Brexit could adversely affect the UK economy and the strength of the British pound, which may in turn potentially impact on the Group's businesses, asset values and reported profits derived from its operations in the UK.

Industry Trends and Interest Rates

The trends in the industries in which the Group operates, including the market sentiment and conditions, asset values, the mark to market value of investment securities, the currency environment and interest rate cycles, may pose significant risks to the Group's businesses, financial conditions, results of operations or growth prospects. There can be no assurance that the combination of industry trends and interest rates the Group experiences in the future will not adversely affect its businesses, financial conditions, results of operations or growth prospects.

In particular, income from finance and treasury operations is dependent upon the capital markets, interest rate and currency environment, and the worldwide economic and market conditions, and therefore there can be no assurance that changes in these conditions will not adversely affect the Group's businesses, financial conditions, results of operations or growth prospects. The volatility in the financial markets may also adversely affect the income to be derived by the Group from its finance and treasury activities.

Currency Fluctuations

The Group is a leading multinational corporation with businesses in Hong Kong, the Mainland, Singapore, the UK, continental Europe, Australia, Canada and the United States, and is exposed to potential currency fluctuations in these countries and places in which the Group operates. The results of the Group are reported in Hong Kong dollars but its various subsidiaries, associates and joint ventures may receive revenue and incur expenses in other currencies. Any currency fluctuations on translation of the accounts of these subsidiaries, associates and joint ventures and also on the repatriation of earnings, equity investments and loans may therefore impact on the Group's financial conditions, results of operations, asset values or liabilities.

To minimise currency risk exposure in respect of its investments in other countries, the Group generally hedges those investments with (a) currency swaps and (b) appropriate level of borrowings denominated in the local currencies. The Group has not entered into any speculative derivative transaction.

Although currency exposures have been managed by the Group, a depreciation or fluctuation of the currencies in which the Group conducts operations relative to the Hong Kong dollars could adversely affect its businesses, financial conditions, results of operations or growth prospects.

RISK FACTORS (CONTINUED)

Impact of Local, National and International Regulations

The local business risks in different countries and cities in which the Group operates could have a material impact on the businesses, financial conditions, results of operations or growth prospects. The Group has investments in different countries and cities around the world and the Group is, and may increasingly become, exposed to different and changing political, social, legal, tax, regulatory and environmental requirements at the local, national or international level. Also, new guidelines, directives, policies or measures by governments, whether fiscal, tax, regulatory, environmental or other competitive changes, may lead to an increase in additional or unplanned operating expenses and capital expenditures, increase in market capacity, reduction in government subsidies, pose a risk to the overall investment return of the Group's businesses and may delay or prevent the commercial operation of a business with resulting loss of revenue and profit, which may adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

Compliance with Personal Data Protection Legislation

In the ordinary course of its operations, various businesses of the Group collect, store and use data that is protected by personal data protection laws in the different countries in which they operate. As regulatory focus on privacy issue continues to increase and worldwide laws and regulations concerning the handling of personal information expand and become more complex, potential risks related to personal data collection and use within the Group's businesses are expected to intensify.

In the event that any relevant business of the Group is unable to meet its obligations under applicable data protection laws, it may be subject to regulatory action or civil claims. The cost of regulatory or legal action, and any monetary and/or reputational damage suffered as a result of such action, could have a material adverse effect on the Group's financial conditions and results of operations.

Cybersecurity

With the fast expanding adoption of internet and networking operational technology, cyberattacks around the world are occurring at a higher frequency and intensity. The Group's critical utility and information assets are exposed to attack, damage or unauthorised access in the cyberworld. Cybersecurity risks could have material adverse effect on the operational and business performance, as well as the business reputation of the Group.

Although the Group has not experienced any major damage to its assets or activities from cyberattacks to date, there can be no assurance that future cyberattacks or breaches of the Group's cybersecurity will not occur and result in significant impact on the Group's reputation, businesses, financial conditions, results of operations or growth prospects.

Impact of New Accounting Standards

The International Accounting Standards Board has from time to time issued new and revised International Financial Reporting Standards ("IFRS"). As accounting standards continue to develop, the International Accounting Standards Board may in the future issue more new and revised IFRS and the Group may be required to adopt new accounting policies which might or could have a significant impact on the Group's financial position or results of operations.

Social Incidents and Terrorist Threat

The Group is a leading multinational corporation with businesses in Hong Kong, the Mainland, Singapore, the UK, continental Europe, Australia, Canada and the United States. In recent years, a series of terrorist activities occurred across the globe that resulted in multiple deaths and casualties. There can be no assurance that countries in which the Group operates will not have any social incidents or they will be immune from terrorist threat, and if these events occur, they may have an adverse impact on the Group's businesses, financial conditions, results of operations or growth prospects.

Natural Disasters

Some of the Group's assets and businesses, customers and suppliers are located in areas at risk of damage from earthquakes, floods, drought, fire, frost and similar disasters and the occurrence of any of these disasters could disrupt the Group's businesses and materially and adversely affect the Group's businesses, financial conditions, results of operations or growth prospects. There can be no assurance that earthquakes, floods, drought or other natural disasters will not occur and result in major damage to the Group's property development projects, infrastructure and utility assets, or assets or facilities or on the general supporting infrastructure facilities in the vicinity, which could adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

Property Developments

There exist general risks inherent in property developments and in the ownership of properties, including, among other things, rising construction costs, risks that financing for developments may not be available on favourable terms, that construction may not be completed on schedule or within budget especially due to issues such as inclement weather, aging workforce, labour shortage, skills mismatch and succession gap as well as the escalation of material prices, that long-term financing may not be available on completion of construction, that developed properties may not be sold or leased on profitable terms, that there will be intense competition from other developers or property owners which may lead to vacant properties or an inability to sell or rent properties on favourable terms, that purchasers or tenants may default, that properties held for rental purpose will need to be renovated, repaired and re-let on a periodic basis, that it may not be possible to renew leases or re-let spaces when existing leases expire, and that the property market conditions are subject to changes in environmental laws and regulations and zoning laws and other governmental rules and fiscal policies. Property values and rental values are also affected by factors such as the changes in the relationships between countries or sovereign states, the state of the local economy, political and societal developments, governmental regulations and changes in planning or tax laws, levels of interest rates and consumer prices, the overall supply of properties, and the imposition of governmental measures to dampen property prices. Taxes, levies, stamp duties and similar taxes or charges payable for the vacancy of first-hand private residential units, the property management services, the sale or transfer of residential properties, as well as policies and rules on profit repatriation may be imposed by the relevant authorities from time to time.

Investment in property is generally illiquid, which may limit the ability of the Group to timely monetise property assets.

RISK FACTORS (CONTINUED)

Supply of land is subject to the development of land policies in different markets. Acquisition of land in Hong Kong, the Mainland and overseas markets may be subject to various regulatory requirements or restrictions as well as changes in demand and supply dynamics. Future growth prospects of the property development business are therefore affected by the availability and price levels of prime sites in Hong Kong, the Mainland and overseas markets.

The Group may be subject to fines or sanctions if it does not pay land premiums or does not develop properties according to the terms of the land grant documents. Under the Mainland laws and regulations relating to idle land, if a developer fails to develop land according to the terms of the land grant contracts (including but not limited to, the payment of fees, the designated uses of land and the time for commencement and completion of development of the land), the relevant authorities may issue a warning to or impose a fine on the developer or require the developer to forfeit the land use rights. Any violation of the terms of the land grant contracts may also restrict a developer's ability to participate, or prevent it from participating, in future land bidding. Furthermore, there are specific requirements regarding idle land and other aspects of land use rights grant contracts in many cities on the Mainland, and the local authorities are expected to enforce such rules in accordance with the instructions from the central government of the Mainland.

Circumstances leading to the repossession of land or delays in the completion of a property development may arise, in particular, in view of the increasing complications in governmental approval process and if the Group's land is repossessed, the Group will not be able to continue its property development on the forfeited land, recover the costs incurred for the initial acquisition of the repossessed land or recover development costs and other costs incurred up to the date of the repossession. Furthermore, regulations relating to idle land or other aspects of land use rights may become more restrictive or punitive in the future. If the Group does not comply with the terms of any land use rights grant contracts as a result of delays in project development, or as a result of other factors, the Group may lose the opportunity to develop the project, as well as its past investments in the land, which may materially and adversely impact its businesses, financial conditions, results of operations or growth prospects.

Properties could suffer physical damage by fire or other causes and the Group may be exposed to any potential risks associated with public liability claims, resulting in losses (including loss of rent and value of properties) which may not be fully compensated for by insurance proceeds, and such events may in turn affect the Group's financial conditions or results of operations. There is also the possibility of other losses for which the Group may not obtain insurance at a reasonable cost or at all. Should an uninsured loss or a loss in excess of insured limits occur, payment of compensation may be required and this may affect the returns on capital invested in that property. The Group would also remain liable for any debt or other financial obligation, such as committed capital expenditures, related to that property. In addition, insurance policies will have to be renewed every year and acceptable terms for coverage will have to be negotiated, thus exposing the Group to the volatility of the insurance markets, including the possibility of rate increases. Any such factors may adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

The Aviation Industry

Cyclicality of Supply and Demand for Aircraft

The commercial jet aircraft leasing and sales industry has periodically experienced cycles of aircraft oversupply and undersupply. The oversupply of a specific type of aircraft in the market is likely to depress aircraft lease rates and values of that type of aircraft.

The supply and demand of aircraft is affected by various cyclical factors that are not under the Group's control, including (a) passenger air travel demand; (b) airline profitability; (c) fuel costs and general economic condition; (d) geopolitical events; (e) outbreaks of infectious, pandemic diseases and natural disasters; (f) governmental regulations, including new Airworthiness Directives and environmental and safety regulations; (g) interest rates; (h) airline restructurings and bankruptcies; (i) cancellation or deferral of orders for aircraft; (j) delays in delivery by manufacturers; (k) the cost and availability of credit; (l) manufacturer production levels and technological innovation, including introduction of new generation aircraft; (m) retirement and obsolescence of aircraft models; (n) manufacturers merging or exiting the industry or ceasing to produce aircraft or engine types; (o) accuracy of estimates relating to future supply and demand made by manufacturers and airlines; (p) re-introduction into service of aircraft previously in storage; and (q) airport and air traffic control infrastructure constraints.

These factors may produce sharp decreases or increases in aircraft values and lease rates, and may result in lease defaults and may prevent the aircraft from being re-leased or, where applicable, sold on satisfactory terms. This would have an adverse effect on the Group's businesses, financial conditions, results of operations or growth prospects.

Deterioration in the Financial Conditions of the Commercial Airline Industry

The financial conditions of the commercial airline industry generally may have an impact on the Group's businesses, financial conditions, results of operations or growth prospects. Business and leisure travelling has been reduced sharply given the contingent measures including travel restrictions and new border control measures implemented in many countries or places to prevent the spread of COVID-19. Severe fallout is witnessed in the aviation industry as a number of airlines have significantly cut flights and grounded planes. If the situation continues, the Group may experience (a) a higher incidence of lessee defaults, lease restructurings, repossessions and airline bankruptcies and restructurings, resulting in lower lease rates and effective margins and/or increased costs due to maintenance, insurance, storage and legal costs associated with the repossession, as well as lost revenue for the time the aircraft are off lease; (b) an inability to lease aircraft on commercially acceptable terms, or at all, upon repossession, resulting in lower lease margins due to aircraft not earning revenue and resulting in maintenance, insurance and storage costs; and (c) downward pressure on demand for the aircraft in the Group's fleet and reduced market lease rates and effective lease margins, as well as reduced aircraft values. Any such factors may adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

RISK FACTORS (CONTINUED)

Aircraft Repossession Rights and Other Remedies

In the event that an aircraft lessee defaults on its obligations under an aircraft lease, the lessor will be entitled to exercise certain remedies, including the right to terminate the leasing of the aircraft, take possession and control of the aircraft, and procure the de-registration, exportation and physical transfer of the aircraft from the territory in which it is located. The lessor's ability to exercise such remedies in a cost effective and timely manner will vary significantly depending upon the jurisdiction in question and whether the aircraft is returned voluntarily by the lessee through negotiation. If the lessor cannot obtain the lessee's co-operation, enforcement of the lessor's rights under the lease may need to be sought through the courts, which may be difficult, expensive and time-consuming, particularly if the proceedings are contested by the lessee.

Furthermore, if the lessee is the subject of bankruptcy, insolvency or similar proceedings, the lessor's ability to exercise its remedies under the lease will be affected by the insolvency laws of the jurisdiction in question, which may not have an equivalent of the protections provided by Section 1110 of the U.S. Bankruptcy Code in U.S. domestic airline bankruptcies. Remedies under the Cape Town Convention on International Interests in Mobile Equipment and the related Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment (collectively, the "Cape Town Convention"), which include the ability to obtain possession of aircraft after a prescribed stay period, mitigate some of these risks. However, there are many jurisdictions in the world that have not ratified and fully implemented the Cape Town Convention.

In jurisdictions that have newly enacted insolvency laws, or that have recently adopted the Cape Town Convention, there may be limited experience in their application and limited jurisprudence that would indicate how such insolvency laws or the Cape Town Convention (or any inconsistencies between existing law and such insolvency laws or the Cape Town Convention) will be implemented, interpreted, applied or enforced by the courts or government agencies, and there can be no assurance that any court or government agency interpreting the Cape Town Convention will do so in a manner that maximises the benefits of the Cape Town Convention for the lessor. Any application of such insolvency laws in an adverse manner, and any interpretation of the Cape Town Convention by a court or government agency in a manner that does not maximise the benefits of the Cape Town Convention with respect to the lessor, may materially and adversely affect the lessor's ability to exercise its remedies under the lease and present significant and firm hurdles to effect repossession, de-registration and exportation of the aircraft, which will have an impact on the Group's businesses, financial conditions, results of operations or growth prospects.

Dependence on Aircraft and Engine Manufacturers

The supply of large passenger jet aircraft is dominated by a small number of airframe manufacturers, and a limited number of engine manufacturers. The Group therefore depends on these manufacturers' success in remaining financially stable, producing aircraft and related components that meet technical and regulatory requirements and airlines' demands and providing ongoing and reliable customer support. Should the manufacturers fail to respond appropriately to market changes, or to fulfill their contractual obligations or to produce aircraft or components that meet technical or regulatory requirements, the Group may experience (a) poor customer support from the manufacturers of aircraft and components resulting in reduced demand for a particular manufacturer's product, creating downward pressure on demand for those aircraft and components of those types in the Group's fleet and reduced market lease rates for aircraft of those types; (b) a reduction in the Group's competitiveness due to deep

discounting by the manufacturers, which may lead to reduced market lease rates and may adversely affect the value of the Group's portfolio and the Group's ability to remarket or sell some of the aircraft; and (c) poor customer support from the manufacturers of associated components resulting in disruption to the lessees' operations and consequent loss of revenue for the lessees. Any such factors may adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

Effects of Fuel Costs

Fuel costs represent a major expense to companies operating within the airline industry. Fuel prices fluctuate widely depending primarily on international market conditions, geopolitical and environmental events, natural disasters, outbreaks and spreads of epidemics, as well as regulatory changes and currency exchange rates. Significant changes in fuel prices could have a material adverse impact on airline profitability (including the profitability of the initial lessees) and may adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

Effects of Environmental Regulations

Many aspects of commercial airlines' operations are subject to increasingly stringent federal, state, local and foreign laws protecting the environment, including the imposition of additional taxes on airlines or their passengers. Regulatory actions that may be taken in the future by the relevant governments and authorities may have a materially adverse impact on the airline industry, particularly if regulators were to conclude that emissions from commercial aircraft cause significant harm to the upper atmosphere or have a greater impact on climate change. Potential actions may include the imposition of requirements to purchase emission offsets or credits, which could require participation in emission trading, substantial taxes on emissions and growth restrictions on airline operations, among other potential regulatory actions. Any such factors may adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

The UK Pub Industry

Deterioration in Market Conditions and Change of Consumer Demand

Various control measures have been implemented by the UK government to contain the spread of COVID-19, including but not limited to the statutory business closure of all bars and restaurants temporarily which, to a great extent, restricts dine-in patronage and social gatherings. This has resulted in a sudden tremendous plunge in consumption of products and services provided by the pubs and restaurants in the UK. In view of the uncertainty over the duration of such business suspension, the influence to the industry is unpredictable depending on the development of COVID-19, which may pose significant adverse impact on the Group's businesses, financial conditions, results of operations or growth prospects. Outcome of Brexit negotiations and the knock-on effects cast another layer of uncertainty and it remains unclear how consumer confidence will be impacted upon as Brexit unfolds. The Group's business operates in a market where consumer behaviour may change from time to time. The use of digital media, including the expanding food delivery market, also adds to the competition. Failure to respond to increased competition, to refine segmentation and adopt branding effectively, to price products appropriately and to align the portfolio of product offerings to meet the demand of consumers could all lead to reduced revenue, profitability and lower than anticipated market share and growth rates.

RISK FACTORS (CONTINUED)

Supply Chain and Distribution

The footprint of the Group's pub operations cover most parts of England, Wales and Scotland. The Group manages the supply chain by a combination of internal logistic resources and also by relying on a number of key suppliers and third party distributors to supply and deliver goods, including in particular food and drinks. These suppliers also provide raw materials to the breweries operated by the Group to produce and package beers under the brands owned by the Group. Short term or prolonged disruption of such suppliers and distributors caused by events such as outbreaks of epidemic could lead to interruption of delivery of products or services to customers, resulting in a loss of revenue. Long term failure or withdrawal of key suppliers or distributors could, in addition, lead to significantly increased costs in procuring alternatives. Moreover, failure to brew, package and distribute beers for extended periods could also have long term adverse effects on revenue and profitability.

Mounting Cost Pressures

The Group continues to face cost headwinds amongst the some significant areas of expenditure for pubs managed by the Group, including pressure from increasing food prices, the National Living Wage/National Minimum Wage, the Apprenticeship Levy, business rates, utilities taxes. A lot of these cost factors are beyond the control of the Group. Failure to mitigate effectively against them could lead to reduced revenue, profitability and lower growth rates. Apart from pubs managed by the Group, any difficulties the licensees in tenanted pubs face may also impact on their ability to keep up with their rental payments and to pay for their purchases from the Group.

Whilst the long term impact of the Brexit negotiations is yet to be fully understood, there has been reduced migration of working population from the EU to the UK. This, coupled with unemployment being at historically low levels in the UK, could add to the cost and challenges in recruiting and retaining enough talented people. Similar issues are faced by the licensees in tenanted pubs.

Health, Safety, Employment and Data Protection Regulations

Failure to comply with major health and safety legislation and the causing of serious injury or loss of life to any customers, employees or tenants in the pubs managed by the Group or pubs tenanted by licensees, offices or breweries could have a significant impact on the reputation of the Group. It could further lead to investigations by relevant authorities and potentially significant financial loss. If there is an issue in the food supply chain, including the provision of incorrect allergen information, that leads to serious illness or loss of life to any customer, it could also lead to a significant impact on the reputation of the Group, restrictions in supply, potential increases in the cost of goods, reduced sales revenue and profitability.

Failure to comply with employment-related legislation such as those relating to the National Minimum Wage and right to work could lead to HM Revenue and Customs fines, additional expense and reduced profitability and an adverse impact on the Group's reputation and ability to recruit and retain talented people.

A significant personal data breach through failure to comply with the EU General Data Protection Regulation and the UK Data Protection Act 2018 could impact the Group's ability to do business and reputation, leading to loss of revenue and potentially significant risk of financial damage from fines or compensation.

Infrastructure Market

Some of the investments owned by the Group (for example, gas and electricity) are subject to regulatory pricing and strict adherence must be made to the licence requirements, codes and guidelines established by the relevant regulatory authorities from time to time. Failure to comply with these licence requirements, codes or guidelines may lead to penalties, or, in extreme circumstances, amendment, suspension or cancellation of the relevant licences by the authorities. The regulated businesses are exposed to lower allowed pricing in the upcoming price resets. Infrastructure projects are capital intensive, and with only a few major players in the market, there can be no assurance of ready buyers on disposal.

The distribution and transmission networks of the Group's utilities investments are also exposed to supply interruptions. If a severe earthquake, storm, flood, fire, sabotage, terrorist attack or other unplanned event interrupts service, the loss of cash flow resulting from the interruption and the cost of recovery from network damage could be considerable and potentially cause poor customer perception and may also lead to claims and litigations. Moreover, some losses from events such as terrorist attacks may not be recoverable. Increases in the number or duration of supply interruptions could result in material increases in the costs associated with the operation of the distribution and transmission networks. All of these uncertain factors could have a material adverse effect on the businesses, financial conditions, results of operations or growth prospects of the Group.

Highly Competitive Markets

The Group's business operations face significant competition across the markets in which they operate. New market entrants and intensified price competition among existing market players could adversely affect the Group's businesses, financial conditions, results of operations or growth prospects. Competition risks faced by the Group include (a) an increasing number of developers undertaking property investment and development in Hong Kong, the Mainland and in other overseas markets, which may affect the market share and returns of the Group; and (b) significant competition and pricing pressure from other competitors which may adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

New Business Ventures and Investments

To balance and mitigate the inherent risks associated with the cyclical nature of property development, or generally, the Group is committed to balancing and strengthening its business portfolio through global quality investments to enhance its recurrent income base and quality of earnings. The Group has taken steps to create and will continue to explore ways to create new sources of recurring revenue by investing into new business sectors and geographical regions if appropriate in respect of investments that meet its criteria. However, there can be no assurance that the Group will implement its business expansion strategies successfully or that its strategies will be able to deliver the results as anticipated. In pursuit of new business opportunities, the Group is experiencing more intense competition where competing bidders are more aggressive in the valuation of the assets on the back of abundant market liquidity and lower return requirements. Also, expansion into new sectors and markets may expose the Group to new uncertainties including but not limited to risks relating to insufficient operating experience in certain sectors and markets, changes in governmental policies and regulations and other adverse developments affecting such sectors and markets. There is also no assurance that all investors would favour the new ventures or investments that may be made by the Group.

RISK FACTORS (CONTINUED)

Acquisitions

The Group has undertaken acquisition activities in the past and may continue to do so if there are appropriate acquisition opportunities in the market. Although due diligence and detailed analysis are conducted before acquisition activities are undertaken, there can be no assurance that these can fully expose all hidden problems, potential liabilities and unresolved disputes that the target company may have. In addition, valuations and analyses on the target company conducted by the Group and by professionals alike are based on numerous assumptions, and there can be no assurance that those assumptions are correct or appropriate or that they will receive universal recognition. Relevant facts and circumstances used in the analyses could have changed over time, and new facts and circumstances may come to light as to render the previous assumptions and the valuations and analyses based thereon obsolete. Some of these acquisition activities are subject to regulatory approvals in overseas countries and there can be no assurance that such approvals will be obtained, and even if granted, that there will be no burdensome conditions attached to such approvals. The Group may not necessarily be able to successfully integrate the target business into the Group and may not be able to derive any synergy from the acquisition, leading to an increase in costs, time and resources. For acquisition activities undertaken overseas, the Group may also be exposed to different and changing political, social, legal and regulatory requirements at the local, national and international level. The Group may also need to face different cultural issues when dealing with local employees, customers, governmental authorities and pressure groups.

Strategic Partners

Some of the businesses of the Group are conducted through non-wholly owned subsidiaries, associates and joint ventures in which the Group shares control (in whole or in part) and strategic alliances had been formed by the Group with other strategic or business partners. There can be no assurance that any of these strategic or business partners will continue their relationships with the Group in the future or that the Group will be able to pursue its stated strategies with respect to its non-wholly owned subsidiaries, associates and joint ventures and the markets in which they operate. Furthermore, the joint venture partners may (a) have economic or business interests or goals that are inconsistent with those of the Group; (b) take actions contrary to the Group's policies or objectives; (c) undergo a change of control; (d) experience financial and other difficulties; or (e) be unable or unwilling to fulfil their obligations under the joint ventures, which may affect the Group's businesses, financial conditions, results of operations or growth prospects.

Connected Transactions

CK Hutchison Holdings Limited (“CK Hutchison”) is also listed on The Stock Exchange of Hong Kong Limited (“Stock Exchange”). CK Hutchison has been deemed by the Stock Exchange to be a connected person of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”). Although the Group believes that its relationship with CK Hutchison provides it with significant business advantages, the relationship results in various connected transactions under the Listing Rules and accordingly any transactions entered into between the Group and CK Hutchison or its subsidiaries are connected transactions, which, unless one of the exemptions is available, will be subject to compliance with the applicable requirements of the Listing Rules, including the issuance of announcements, the obtaining of independent shareholders’ approval at general meetings and disclosure in annual reports and financial statements. Independent shareholders’ approval requirements may also lead to unpredictable outcomes causing disruptions to as well as an increase in the risks of the Group’s business activities. Independent shareholders may also take actions that are in conflict with the interests of the Group.

Past Performance and Forward-Looking Statements

The past performance and the results of operations of the Group as contained in this Annual Report are historical in nature and past performance can be no guarantee of future results of the Group. This Annual Report may contain forward-looking statements and opinions that involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. Neither the Group nor the directors, employees or agents of the Group assume (a) any obligation to correct or update the forward-looking statements or opinions contained in this Annual Report; and (b) any liability in the event that any of the forward-looking statements or opinions does not materialise or turns out to be incorrect.

CORPORATE INFORMATION AND KEY DATES

Board of Directors

LI Tzar Kuoi, Victor	<i>Chairman and Managing Director</i>
KAM Hing Lam	<i>Deputy Managing Director</i>
IP Tak Chuen, Edmond	<i>Deputy Managing Director</i>
CHUNG Sun Keung, Davy	<i>Executive Director</i>
CHIU Kwok Hung, Justin	<i>Executive Director</i>
CHOW Wai Kam, Raymond	<i>Executive Director</i>
PAU Yee Wan, Ezra	<i>Executive Director</i>
WOO Chia Ching, Grace	<i>Executive Director</i>
CHEONG Ying Chew, Henry	<i>Independent Non-executive Director</i>
CHOW Nin Mow, Albert	<i>Independent Non-executive Director</i>
HUNG Siu-lin, Katherine	<i>Independent Non-executive Director</i>
Colin Stevens RUSSEL	<i>Independent Non-executive Director</i>
Donald Jeffrey ROBERTS	<i>Independent Non-executive Director</i>

Senior Advisor

LI Ka-shing

Audit Committee

CHEONG Ying Chew, Henry (*Chairman*)
 CHOW Nin Mow, Albert
 HUNG Siu-lin, Katherine
 Colin Stevens RUSSEL
 Donald Jeffrey ROBERTS

Remuneration Committee

HUNG Siu-lin, Katherine (*Chairman*)
 LI Tzar Kuoi, Victor
 CHEONG Ying Chew, Henry

Nomination Committee

LI Tzar Kuoi, Victor (<i>Chairman</i>)	
KAM Hing Lam	IP Tak Chuen, Edmond
CHUNG Sun Keung, Davy	CHIU Kwok Hung, Justin
CHOW Wai Kam, Raymond	PAU Yee Wan, Ezra
WOO Chia Ching, Grace	CHEONG Ying Chew, Henry
CHOW Nin Mow, Albert	HUNG Siu-lin, Katherine
Colin Stevens RUSSEL	Donald Jeffrey ROBERTS

Stock Codes

The Stock Exchange of Hong Kong Limited: 1113
 Bloomberg: 1113 HK
 Reuters: 1113.HK

Website

www.ckah.com

Key Dates

Annual Results Announcement	19 March 2020
Closure of Register of Members (for determination of shareholders who are entitled to attend and vote at Annual General Meeting)	11 to 14 May 2020 (both days inclusive)
Annual General Meeting	14 May 2020 ^(Note)
Record Date (for determination of shareholders who qualify for the Final Dividend)	20 May 2020
Payment of Final Dividend	29 May 2020

Note: Due to the ongoing situation of the coronavirus disease (COVID-19), shareholders are advised to kindly note any future announcements to be published by the Company regarding the 2020 Annual General Meeting (if any).

Executive Committee

LI Tzar Kuoi, Victor (<i>Chairman</i>)	
KAM Hing Lam	IP Tak Chuen, Edmond
CHUNG Sun Keung, Davy	CHIU Kwok Hung, Justin
CHOW Wai Kam, Raymond	PAU Yee Wan, Ezra
WOO Chia Ching, Grace	YIP Kin Ming, Emmanuel
MAN Ka Keung, Simon	SHEN Wai Yee, Grace
Eirene YEUNG	MA Lai Chee, Gerald
KOH Poh Chan	

Company Secretary

Eirene YEUNG

Authorised Representatives

IP Tak Chuen, Edmond
 Eirene YEUNG

General Manager, Accounts Department

MAN Ka Keung, Simon

Principal Bankers

Bank of China (Hong Kong) Limited
 MUFG Bank, Ltd.
 Mizuho Bank, Ltd.
 The Hongkong and Shanghai Banking Corporation Limited
 DBS Bank Ltd., Hong Kong Branch
 Hang Seng Bank Limited
 Sumitomo Mitsui Banking Corporation
 The Bank of Nova Scotia, Hong Kong Branch
 Industrial and Commercial Bank of China Limited
 Citibank, N.A.

Auditor

Deloitte Touche Tohmatsu

Legal Advisers

Woo, Kwan, Lee & Lo

Registered Office

PO Box 309, Ugland House, Grand Cayman,
 KY1-1104, Cayman Islands

Principal Place of Business

7th Floor, Cheung Kong Center,
 2 Queen's Road Central, Hong Kong

Principal Share Registrar and Transfer Office

Maples Fund Services (Cayman) Limited
 PO Box 1093, Boundary Hall, Cricket Square,
 Grand Cayman, KY1-1102, Cayman Islands

Hong Kong Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
 Rooms 1712-1716, 17th Floor, Hopewell Centre,
 183 Queen's Road East, Hong Kong

This annual report 2019 (“Annual Report”) is available in both English and Chinese versions. Shareholders who have received either the English or the Chinese version of the Annual Report may request a copy in the other language by writing to the Company c/o the Company’s Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong or by email to ckah.ecom@computershare.com.hk.

The Annual Report (both English and Chinese versions) has been posted on the Company’s website at www.ckah.com. Shareholders who have chosen (or are deemed to have consented) to read the Company’s corporate communications (including but not limited to the Annual Report) published on the Company’s website in place of receiving printed copies thereof may request the printed copy of the Annual Report in writing to the Company c/o the Company’s Hong Kong Share Registrar or by email to ckah.ecom@computershare.com.hk.

Shareholders who have chosen (or are deemed to have consented) to receive the corporate communications using electronic means through the Company’s website and who for any reason have difficulty in receiving or gaining access to the Annual Report posted on the Company’s website will upon request in writing to the Company c/o the Company’s Hong Kong Share Registrar or by email to ckah.ecom@computershare.com.hk promptly be sent the Annual Report in printed form free of charge.

Shareholders may at any time choose to change their choice as to the means of receipt (i.e. in printed form or by electronic means through the Company’s website) and/or the language of the Company’s corporate communications by reasonable prior notice in writing to the Company c/o the Company’s Hong Kong Share Registrar or sending a notice to ckah.ecom@computershare.com.hk.



