Annual Report

2019

Road King Infrastructure Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 1098)

Corporate Profile

Road King Infrastructure Limited

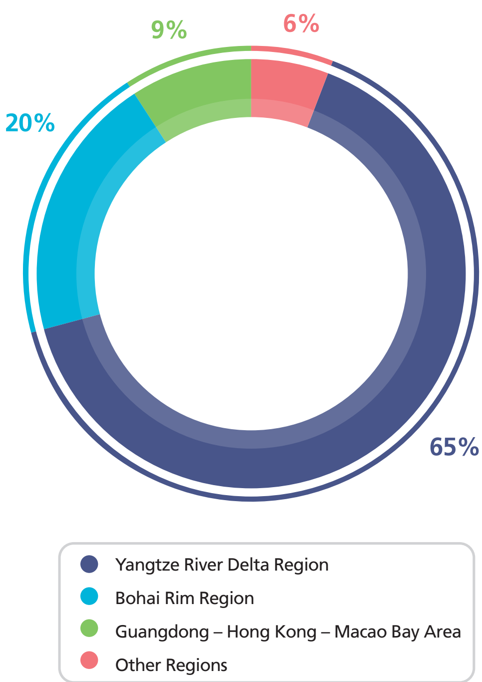
Road King Infrastructure Limited is a prominent property developer in Mainland China and Hong Kong focusing on developing quality residential apartments and also a leading toll road investor and operator with over 25 years of experience in the industry. The Company successfully entered into the Southeast Asian market in 2019 and became the first company to invest and participate in the operation of Indonesian expressways among other Chinese and Hong Kong toll road companies. The existing real estate portfolio is mainly located in the Yangtze River Delta, Bohai Rim regions and Greater Bay Area, comprising a land reserve of about 7.35 million square meters. The current toll road portfolio consists of five expressways in Mainland China and two expressways in Indonesia, all located in major economic corridors and spanning 546km in total.

Contents

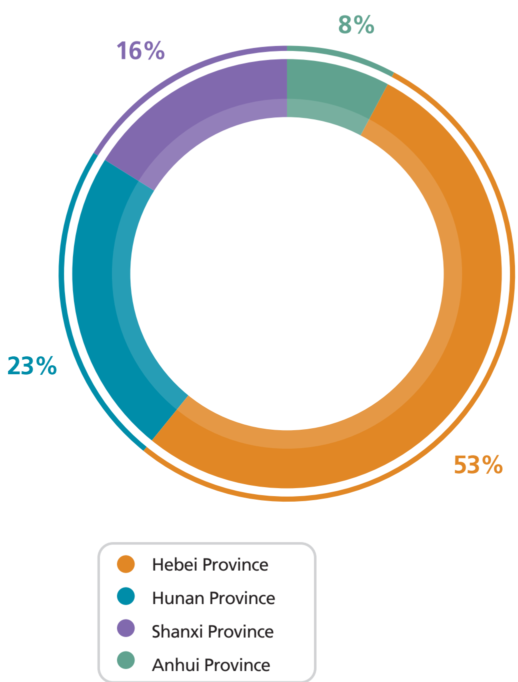
Financial Highlights

(HK$'million)	**2019**	2018	2017	2016	2015
	For the year ended 31 December				
Revenue of the Group	**21,495**	22,365	14,756	16,842	12,510
Group's share of revenue of joint ventures and associates	**9,673**	4,624	1,504	1,238	1,090
Revenue of the Group and Group's share of revenue of joint ventures and associates	**31,168**	26,989	16,260	18,080	13,600
Cash received from toll road projects (including the repayment of shareholders' loans)	**689**	827	713	580	530
Profit for the year	**3,677**	3,699	2,476	1,374	828
Profit attributable to owners of the Company	**3,028**	2,988	1,944	1,250	820
Equity attributable to owners of the Company	**18,866**	17,398	15,635	13,292	13,155
Total assets	**90,683**	78,952	69,735	50,400	40,056
Bank balances and cash	**14,451**	11,793	8,552	8,049	3,072
Dividend per share (HK$)	**1.18**	1.18	0.93	0.68	0.48
Basic earnings per share (HK$)	**4.04**	3.99	2.61	1.69	1.11
Net assets per share attributable to owners of the Company (HK$)	**25.18**	23.22	20.90	17.96	17.78
Net gearing ratio (%)	**52**	35	54	66	73

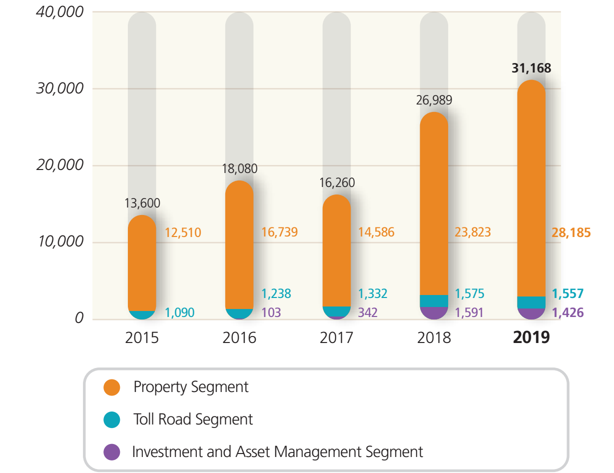
Revenue contribution of property projects in 2019 by location



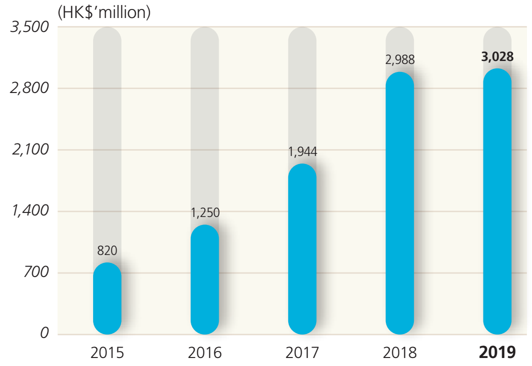
Revenue contribution of expressway projects in 2019 by location



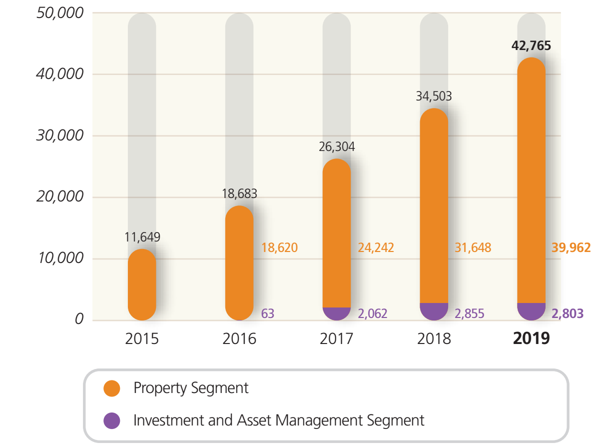
REVENUE
(including share of revenue of joint ventures and associates)
(HK$'million)



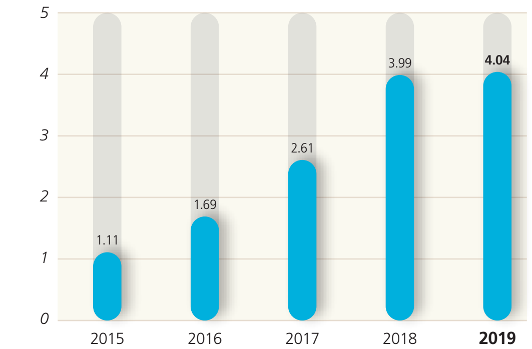
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY
(HK$'million)



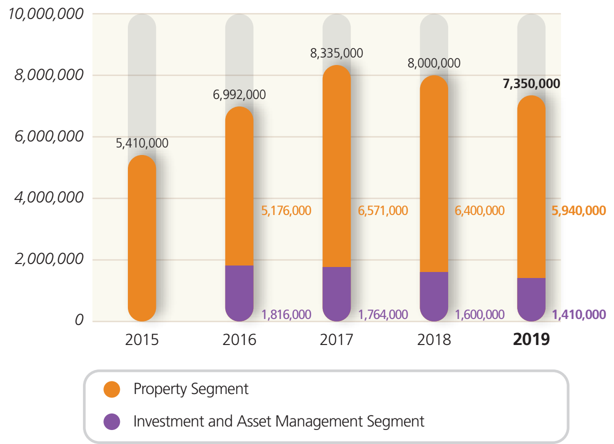
PROPERTY SALES
(including joint venture and associate projects)
(RMB'million)



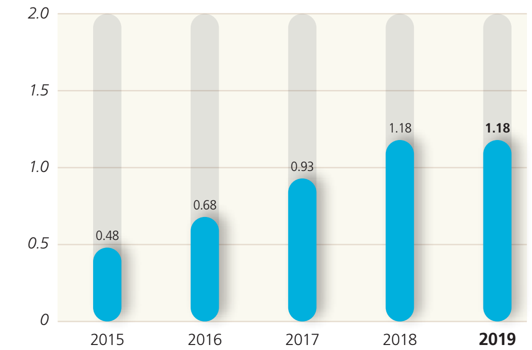
EARNINGS PER SHARE
(HK$)



LAND RESERVE
(including joint venture and associate projects)
(sqm)



DIVIDEND PER SHARE
(HK$)



Chairman's Statement

Zen Wei Peu, Derek
Co-Chairman

Zen Wei Pao, William
Co-Chairman

Dear Shareholders,

The Group's equity attributable to the owners of the Company as at 31 December 2019 increased by HK$1,468 million, whilst the equity per share increased by 8% to HK$25.18 per share. Since we reorganized and introduced co-chairmanship, the cumulative increase in the shareholders' equity per share (on the basis that dividends declared during the period are considered as part of the shareholders' equity) is 57%, or an average of approximately 16% per year based on compound percentage.

The Group's property sales (including joint venture and associate projects) in 2019 was RMB42,765 million, turnover was HK$21,495 million, and the net profit attributable to the shareholders was about HK$3,028 million (2018: HK$2,988 million).

The Board recommended a final dividend of HK$0.88 per share. Together with the interim dividend of HK$0.30 per share, the total dividend is HK$1.18 per share (2018: HK$1.18 per share).

It is with much regret that our 2019's performance cannot improve over that of 2018, main reasons being:

a) In China, measures on the restriction on selling price of our properties, as well as limitations on who can buy and how much can be borrowed through home mortgages, inherited from 2018 were more stringently promulgated in 2019, thereby slowing down sales and cash return, and putting substantial pressure on selling price and ultimately the profit of the properties sold. Also the land that Road King purchased in recent years via open tender is on average higher than the years before due to market competition, as a result the high 2018 GP ratio is no longer valid. This trend is common to all participants in the industry.

b) The unsatisfactory result from our new business segment.

Looking ahead, we expect 2020 will be another difficult year for property development as recovery of the overall external environment has yet to be seen. The gloomy situation is compounded with the current COVID-19 pandemic, which hits hard on all kinds of business. Our property projects under development are facing late resumption of construction work, and the impact is still being assessed and monitored. Depending on when the pandemic situation will be under control, we do expect our sales might hopefully still be growing (but with thinner margin). So it will be a struggle for Road King to maintain the current level of profit.

BUSINESS ANALYSIS

We breakdown our businesses into the following three major segments:

(1) Property Development Business

Not only that the stringent restrictive measures on properties we encountered in 2018 were still in force in 2019, they were in fact more fiercely promulgated as the government squeezed on. Measures like 'restriction on selling price'（限價）, 'restriction on purchase'（限購）, 'restriction of home loan mortgage'（限貸）are still largely in force, and there appears no sign at all on their relaxation. The industry has witnessed over 400 property developers who could not cope with the pressure and were either being put into liquidation or being taken over by others in 2019. It is clear that the consolidation of the industry is still on going, or perhaps even somewhat intensifies.

This can be easily seen from the fact that the property market in Mainland China in 2019 was circa RMB16 trillion, whilst the sales attributable to the top 30 developers combined now constituted around 36% of the market and there is no sign that this consolidation process is slowing down. As of 2019, the aggregated sales attributable to top 100 developers is constituted around an amazing 53% of the market. As mentioned last year, we predict by 2028 there would only be around a maximum of 100 noticeable developers remained in China. Based on the current trend, this probably will even take place before 2028. Hence there is pressure for Road King to remain at least as one of these 100 survivors.

In the last few years, the growth of the property market size has continued to slow down. This is partly due to high property price which is close to the ceiling of most of the buyers' affordability. Coupled with the interference manipulated by the government and the maturity level of urbanization reached, further growth in market size would be quite limited. We believe that at most it will grow another 5% per annum, if indeed growth will ever take place. As a result, although we see the leading developers are still increasing their sales, many have growth rate percentages of single digit or low double digits in 2019, far lower than the 50% or 60% growth experienced in the past years. Most developers are now focusing on profitability rather than scale, which is another indication of the overall ceiling, as there is really very limited room for growth.

So, the landscape of the battlefield has somewhat changed. From now on it is mostly a competition of product, design, quality of work, after-sale service, cost control and property management etc. Another very important aspect is the ability to source low-cost funding as the banks are very strict in lending money to property sector; be it to developers or mortgages bearers.

Road King will try its best to improve on each and every aspect of the key areas to ensure that the Company can stay competitive in this market in the long run and has an edge over most of industry players to survive and grow. We trust the Shareholders should have realized that the previous rapid growth era has certainly gone forever.

Coming back on our three projects in Hong Kong, construction work is going on quite smoothly. For the Yuen Long Crescent Green project, construction is well on its way to be completed before end of 2020. The pre-sale was launched in November 2019, unfortunately at a time when there was high social unrest, which impacted hugely on the sales. With the additional hiatus created by the COVID-19 pandemic in early 2020, we can only hope that there will be substantial improvements in the second half of the year. One consolation, so far most buyers have high praises of our design and quality of the product and as a first time developer in Hong Kong, this is a huge encouragement.

The residential development atop Wong Chuk Hang MTR Station is progressing as planned. The superstructure work has started since February 2019 and the target is to have the units completed in 2022. The current plan is to start pre-sale circa fourth quarter of 2020, but that depends how the recent pandemic develops in the next few months. We truly hope this pandemic will quickly go away in the near future.

For So Kwun Wat site, foundation work started in March 2019 and is scheduled to be completed by August 2020. We are in the process of calling for main contract tender for the superstructure work; and if everything goes well, superstructure construction will commence in the second half of 2020.

We tendered for several pieces of lands in 2019, but unfortunately none was successful. It appears that despite a short-term pessimism which clouded over property market in Hong Kong, apparently quite a number of developers are rather positive on the market in the medium to longer term. What is more, towards end of 2019, we did see a few developers from mainland China, after a period of hibernation for the past 2 years, started to act very actively and secure some new projects.

Overall in 2019, we saw a slight increase of around 5% in property price in Hong Kong. We believe that the increase has already been evaporated and a drop will take place in the first half of 2020, in particular with the current COVID-19 pandemic hanging around. Let's wish the market in the second half of the year will recover.

(2) Toll Road Business

In 2019, the toll revenue from our five expressways in Mainland China was RMB3,162 million whilst our portion of toll road projects' profit (net of income tax and withholding tax) was HK$685 million, which is 8% higher than last year. The growth was mainly attributable to the outstanding performance of Longcheng Expressway in Shanxi Province and strict expenditure control by projects.

The Company successfully acquired 40% equity interests of two expressways, Solo Ngawi ("SN") and Ngawi Kertosono Kediri ("NKK") Expressways in Indonesia. The total transaction price is approximately HK$1.2 billion. Both expressways of SN and NKK are the key parts of Trans-Java expressway network, connecting eastern and central Java, with a total length of about 178 kilometers in operation. This acquisition is expected to create long-term value for the Company's sustainable development.

Further to the successful acquisition of overseas projects in 2019, we will continue to identify and invest in expressway projects with good returns in Mainland China and Southeast Asia and consider listing of toll road business at the right time.

(3) New Business – Investment and Asset Management Business

Property Fund Business

The scale of fund assets under the management of the investment and asset management segment was about RMB8 billion by the end of 2019. The business development of our property fund business was hugely affected in the second half of 2019, after the implementation of Document 23 issued by China Banking and Insurance Regulatory Commission. We expect the business development will resume in 2020 as both the investors and the financial institutions get used to the new requirements.

Cultural, Tourist and Commercial Business

Meili Ancient Town in Wuxi is almost completed. However, due to the delay in delivery of the municipal facilities as well as the outbreak of COVID-19 pandemic, the launching date has been delayed to the second quarter of 2020. We have successfully acquired the land of first phase of RK Slow City (Central China) in Zhengzhou in December 2019, and contribute a land reserve of 250,000 sqm to the Group. We plan to launch the sales of the residential portion by late 2020.

Entertainment and Content Development Business

The Group continues to expand its entertainment and content development business in 2019, the accumulated contracted sum exceeded RMB100 million. The fund raising of entertainment and content development business has completed in August 2019, and the total fund raised was US$50 million.

OUTLOOK

In view of the fact that the overall property market in China is going to slow down, Road King lowers its growth target on sales to the range of 18% to 20% per annum. This rate of growth is both feasible in theory and workable in practice, and can still get us to meet the target sales of RMB100 billion more or less around 2024, as we do intend to stay as one of the top 100 developers in China.

We strongly believe that in the long term, property development is still a good business to be in, albeit those days of high margin might have gone forever. In fact, unreasonable high margin is not what Road King strives for.

Again, despite last year's social unrest and the recent COVID-19 pandemic, our intention to stay for long term in Hong Kong remains as strong as ever. We trust that the basic demand for housing is still there, and so long as we can come up with an affordable and appropriate product catering for the demand, sales should not be a problem.

2020 is bound to be a difficult year for all developers in China. Externally, the Sino-US trade war is not yet totally over and there are still a lot of uncertainties. Together with the prevailing COVID-19 pandemic, they have serious impact on all kinds of business. Property development business is of no exception, and the immediate impact is that all construction work is stalled, causing delay in meeting the original upcoming schedule of delivering the units to the customers. The construction work of different regions have been resumed gradually to limit the damages posed.

Our toll road all of a sudden is hit hard due to COVID-19 pandemic. Not only there is Chinese New Year Holiday in January, the outbreak of pandemic which started in January also has an ongoing impact on our toll income. To add salt to the wound, the Ministry of Transport of the PRC announced a general exemption for payment of toll fees on toll roads across the PRC with effect from 17 February 2020 until a date to be announced after the work for prevention and control of the pandemic ends. The toll-free policy is expected to have adverse impact on the performance of the Group's toll road business in 2020. Though we understand its Government's intention to ease the pressure on various business enterprises and road users, still the toll road operators are severely hit in the process.

At present we are not sure of how the Government will compensate for our loss, when and in what way. We also do not know when this measure (i.e. toll free collection) will be lifted, so we have yet to see how this virus issue plays out, we believe it will be short lived and expect that the impact would subside in the medium to long term.

Our overall ROE in 2019 was 17%, which was still good but was lower than the year before due to two main reasons mentioned at the beginning of this report. We believe in the longer term, if Road King can keep the ROE at around 15%, we are doing extremely well. Hopefully we can at least meet this target, but this certainly will not be easy.

On behalf of the board, we would like to express our gratitude to all customers, business partners, shareholders and our dedicated staff.

Zen Wei Peu, Derek
Co – Chairman

Zen Wei Pao, William
Co – Chairman

Hong Kong, 23 March 2020

Chief Executive Officer's Report

Ko Yuk Bing
Chief Executive Officer

Dear Shareholders,

RESULTS FOR 2019

For the year ended 31 December 2019, property sales and toll revenue of the Group (including joint venture and associate projects) were RMB42,765 million and RMB3,162 million respectively, totaling RMB45,927 million, representing an increase of 22% as compared with that of 2018. The profit after tax for 2019 was HK$3,677 million, with earnings per share of HK$4.04 and net assets per share of HK$25.18.

BUSINESS OVERVIEW

In 2019, the property market in Mainland China remained fluctuated significantly and the government continued to deepen and widen its austerity measures on the market such as imposing restrictions on prices and purchases, tightening the property funding market, which slowed down the sales progress and exerted pressure on pricing. By closely following the market trend and adhering to the business principle of ensuring a balance between sales volume and profitability, the operation team of the Group concerted their efforts and drove property sales of the year to RMB42,765 million, representing an increase of 24% as compared with that of 2018. The Group's turnover for the year ended 31 December 2019 was HK$21,495 million, with a gross profit margin of approximately 35%.

The land supply in Mainland China was stable with a slight increase in 2019. However, due to limited funds and given the downside risk of the market, the team was cautious in land acquisition and preferred projects with quicker turnover rate. In order to replenish the land reserve and support the scale of development in the next two years, the Group totally acquired 15 pieces of land with an aggregate floor area of 1,490,000 sqm throughout the year. As at 31 December 2019, the Group's land reserves was approximately 7,350,000 sqm.

The three existing projects in Hong Kong are operating normally, construction works are in progress as scheduled. Construction of the superstructure of Crescent Green project in Yuen Long was nearly completed, and is expected to be delivered by the end of 2020. The Crescent Green project was launched for pre-sale in November 2019 but the sales were affected by various factors including social movements. The sales amount was approximately HK$601 million by the end of the year.

The total traffic volume of the Group's expressway projects in Mainland China was 95 million vehicles; while the total toll revenue was about RMB3,162 million in 2019, representing a slight increase of 3% as compared with that of 2018. In 2019, the Group actively explored business opportunities for new expressway projects, and completed the acquisition of 40% equity interests of two expressways in Java, Indonesia at the end of December, representing a breakthrough in overseas expressway investment and injecting new impetus in the growth of expressway business of the Group.

The Group continued to identify new opportunities under controllable risks through new models for the property business, including property funds and property related businesses.

FINANCE AND FUNDING

In 2019, Mainland China continued to suppress funds towards the property market, thereby tightening the financing of real estate industry in Mainland China and increasing the costs continuously. The Group turned to focus on overseas markets in financing, and issued three guaranteed senior notes with interest rates of 6.7%, 7.75% and 7.875% per annum respectively, with an aggregate principal amount of US$1,280 million during the year. In November, a new perpetual capital securities of US$300 million with a distribution rate of 7.75% per annum was issued, which was the world's first US dollar non-subordinated fixed-spread perpetual capital instrument issued by an individual enterprise, and helped to optimise the Group's financial structure. In addition, the Group raised domestic corporate bonds during the year, and corporate bonds of RMB1.5 billion issued in the previous years were redeemed.

WORK PLAN FOR 2020

The outbreak of COVID-19 pandemic since early 2020 has posted more uncertainties on the economic and market prospects. Both Mainland China and Hong Kong are facing a greater pressure of economic downturn, and various industries including the property market, capital market and transportation, are negatively affected. Since 17 February 2020, the PRC government has implemented a toll-free policy for all toll roads until the work for prevention and control of the pandemic ends. The toll-free policy is expected to have adverse impact on the performance of the Group's toll road business in 2020. The management team of the Group will maintain a prudent and positive attitude and continue to work in a pragmatic manner to take the challenges arising from changes in the market.

Through years of development, the Group's current business has a well-established model, a well-functioning management system, a seasoned and dedicated operation team and a sound market position. In 2020, with respect to the property business, the Group will continue to adhere to the business strategy of striking a balance between profitability and sales volume. To establish the Group as a more widely recognized enterprise, we will continue to research and develop market-oriented products to boost the sales volume, maintain the growth trend of profit and promote the brand name of the Group. Meanwhile, the team will also continue to explore business related opportunities, strive to increase toll road assets, optimise the land reserve portfolio and seek for more collaboration opportunities with business partners for further development.

ACKNOWLEDGEMENT

I hereby express my gratitude to all of our colleagues for their commitment and contribution, and my thanks to our customers, business partners, shareholders and the Board for their continued support and trust.

Ko Yuk Bing
Chief Executive Officer

Hong Kong, 23 March 2020

Major Awards

ROAD KING INFRASTRUCTURE LIMITED

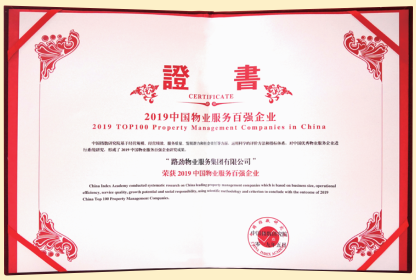
2019 Best 35 China Real Estate Listed Companies with Strongest Comprehensive Strengths
2019 Best 5 China Real Estate Listed Companies of Risk Management

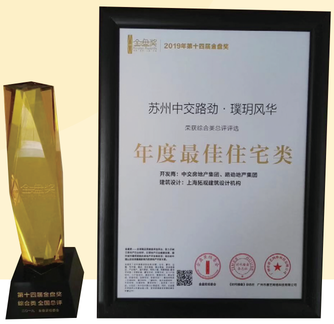
RK PROPERTIES HOLDINGS LIMITED

2020 Best 10 of China Foreign Real Estate Developers
2020 Best 35 of China Real Estate Developers
2020 Best 10 of Performance of China Real Estate Developers

RK PROPERTY SERVICE HOLDINGS LIMITED

2019 TOP100 Property Management Companies in China





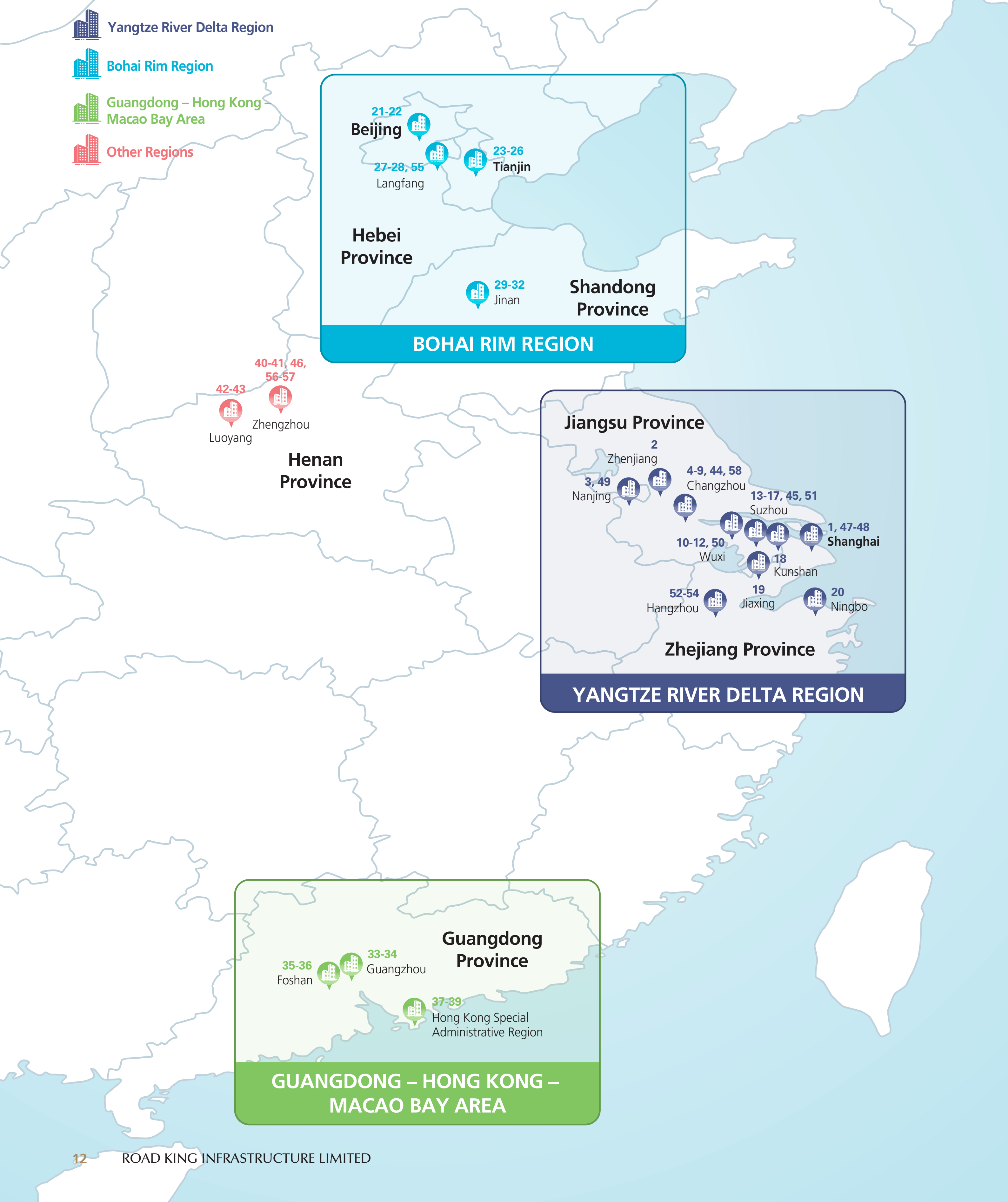
PROPERTY BUSINESS

Suzhou	2019 14th Kinpan Award of Best Residence – The Legendary One
	2019 Silver Award of London Design Awards – New Lake New City
	2018 Jiangsu Province "Yangzi Cup" – Quality Construction Award – RK Phoenix City
Tianjin	2019 14th Kinpan Award of Best Main Unit Apartment Space – Joy Meaningful Residence
Shanghai	2019 Most Popular Property – RK Shanghai Style
Guangzhou	2019 Quality Service Property – Phoenix Residence
Hangzhou	2018 – 2019 China Real Estate & Design Award – Merit Award – Jiangnan Courtyard
Luoyang	2018 – 2020 Excellent Property of Luoyang Property Service of Residential Projects – RK Royal City (Luoyang)
Jinan	2018 Shangdong Influential Real Estate Brand Projects – Joy Mansion of Glory and Noble Mansion of Glory

TOLL ROAD BUSINESS

Changyi Expressway	2019 Outstanding Entity in National Transportation Culture Building
Tangjin Expressway	2019 Top 10 of Excellent Team
Baojin Expressway	2019 Innovation and Effectiveness Excellent (Small) Team

PROPERTY PROJECTS



LAND RESERVE

As at 31 December 2019

Region	Floor Area* sqm	Proportion
Shanghai	261,000	4%
Jiangsu Province	2,922,000	40%
Zhejiang Province	471,000	6%
Yangtze River Delta Region	**3,654,000**	**50%**
Beijing	120,000	2%
Tianjin	795,000	11%
Hebei Province	327,000	4%
Shandong Province	444,000	6%
Bohai Rim Region	**1,686,000**	**23%**
Guangdong Province	396,000	5%
Hong Kong Special Administrative Region	118,000	2%
Guangdong – Hong Kong – Macao Bay Area	**514,000**	**7%**
Henan Province	1,491,000	20%
Other Regions	**1,491,000**	**20%**
Total	**7,345,000**	**100%**
Of which:		
Properties for Sale	7,040,000	96%
Investment Properties	305,000	4%

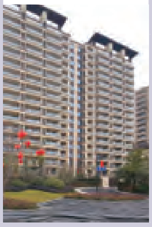
* Including joint venture and associate projects

MAJOR PROJECTS INFORMATION

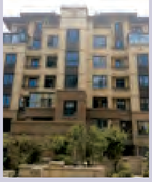
Properties for Sale

As at 31 December 2019

Yangtze River Delta Region

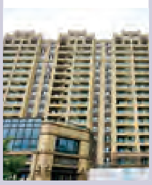


1	RK Sheshan Villa • Dongyuan						
Floor area (sqm)	136,000	Nature	Residential and commercial	Stage of completion (note)	P/F/C	Land area (sqm)	122,000
Approximate attributable interest	100%	Target completion	2024	Location	East to Kungang Highway, West to Hexi Street, South to Mianzhanggang River and North to Wennan Road, Xiaokunshan Town, Songjiang District, Shanghai, the PRC		

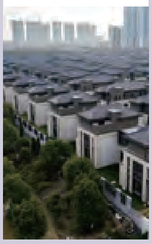


2	RK City (Zhenjiang)						
Floor area (sqm)	322,000	Nature	Residential	Stage of completion (note)	P/F/S/C	Land area (sqm)	257,000
Approximate attributable interest	100%	Target completion	2023	Location	South of Yihou Road and West of Yandun Shan Road, Dagang Town, Zhenjiang, Jiangsu Province, the PRC		

3	Lakeside Mansion						
Floor area (sqm)	95,000	Nature	Residential	Stage of completion (note)	S	Land area (sqm)	34,000
Approximate attributable interest	25%	Target completion	2021	Location	Saihongqiao Street, Nanxiying Village, Yuhuatai District, Nanjing, Jiangsu Province, the PRC		



4	RK City Landmark						
Floor area (sqm)	91,000	Nature	Residential	Stage of completion (note)	S/C	Land area (sqm)	89,000
Approximate attributable interest	100%	Target completion	2020	Location	North of Qingtan Xi Road and West of Chechang Road, Zhonglou District, Changzhou, Jiangsu Province, the PRC		



5	RK Taihu Lake Yard						
Floor area (sqm)	144,000	Nature	Residential	Stage of completion (note)	F/S/C	Land area (sqm)	208,000
Approximate attributable interest	90%	Target completion	2021	Location	West of Fengyuan Bei Road, South of Daoxiang Road, North of Yanzheng Xi Road, East of Luyang Road, Wujin Economic Development District, Changzhou, Jiangsu Province, the PRC		

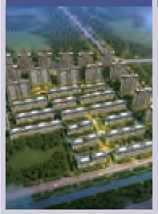
MAJOR PROJECTS INFORMATION

Properties for Sale

As at 31 December 2019

Yangtze River Delta Region

6 Tang Song

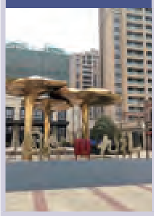


Floor area (sqm)	232,000	Nature	Residential	Stage of completion (note)	F/S	Land area (sqm)	129,000
Approximate attributable interest	49%	Target completion	2021	Location	Southeast of Dingxiang Road and Zhongwu Avenue, Zhonglou District, Changzhou, Jiangsu Province, the PRC		

7 City Wan Xiang

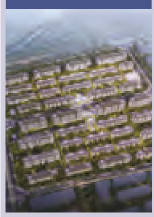
Floor area (sqm)	214,000	Nature	Residential	Stage of completion (note)	F/S	Land area (sqm)	109,000
Approximate attributable interest	51%	Target completion	2020	Location	East of Longjiang Zhong Road, South of Zijing West Road, West of Chuanfang North Road, North of Zhongwu Avenue, Zhonglou District, Changzhou, Jiangsu Province, the PRC		

8 Guo Shi Jiu Li



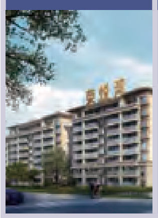
Floor area (sqm)	113,000	Nature	Residential	Stage of completion (note)	S	Land area (sqm)	61,000
Approximate attributable interest	50%	Target completion	2020	Location	West of Chechang Road, South of Qingtan West Road, Zhonglou District, Changzhou, Jiangsu Province, the PRC		

9 Yan Cheng Project



Floor Area (sqm)	164,000	Nature	Residential	Stage of Completion (note)	P/S	Land Area (sqm)	108,000
Approximate attributable interest	51%	Target completion	2022	Location	South of Yanzheng Middle Avenue, West of Fenglin North Road, Hutang Town, Wujin District, Changzhou, Jiangsu Province, the PRC		

10 Embrace of Glory



Floor area (sqm)	115,000	Nature	Residential	Stage of completion (note)	F/S	Land area (sqm)	106,000
Approximate attributable interest	33.3%	Target completion	2021	Location	Northwest of the junction of Guanhu Road and Yugang Road, Binhu District, Wuxi, Jiangsu Province, the PRC		

MAJOR PROJECTS INFORMATION

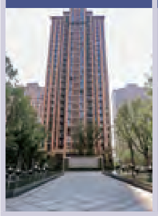
Properties for Sale

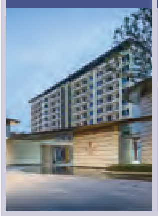
As at 31 December 2019

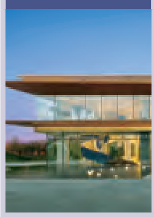
Yangtze River Delta Region

11	Mei Du Mansion							
	Floor area (sqm)	71,000	Nature	Residential	Stage of completion (note)	S	Land area (sqm)	45,000
	Approximate attributable interest	60%	Target completion	2020	Location	Northwest of intersection of Taibo Avenue, Meicun Street and Meixi Road, Xinwu District, Wuxi, Jiangsu Province, the PRC		

12	Meili Ancient Town							
	Floor area (sqm)	11,000	Nature	Commercial	Stage of completion (note)	S	Land area (sqm)	14,000
	Approximate attributable interest	60%	Target completion	2020	Location	Southeast of Xinhua Road and Taibo Avenue, Xinwu District, Wuxi, Jiangsu Province, the PRC		

13	RK Phoenix City							
	Floor area (sqm)	80,000	Nature	Residential	Stage of completion (note)	S/C	Land area (sqm)	843,000
	Approximate attributable interest	100%	Target completion	2021	Location	Junction of Zhongxin Da Road East and Xieyu Road South, Suzhou Industrial Park, Suzhou, Jiangsu Province, the PRC		

14	The Legendary One							
	Floor area (sqm)	132,000	Nature	Residential	Stage of completion (note)	S/C	Land area (sqm)	95,000
	Approximate attributable interest	51%	Target completion	2020	Location	West of Anyang Road and North of Huhong Road, Huguan Town, Gaoxin District, Suzhou, Jiangsu Province, the PRC		

15	New Lake New City							
	Floor area (sqm)	245,000	Nature	Residential	Stage of completion (note)	S/C	Land area (sqm)	173,000
	Approximate attributable interest	33%	Target completion	2021	Location	North of Kuaixiang Avenue, East of Xiangshan Bei Road, Wuzhong Taihu National Tourism Resort Zone, Suzhou, Jiangsu Province, the PRC		

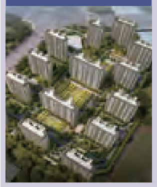
MAJOR PROJECTS INFORMATION

Properties for Sale

As at 31 December 2019

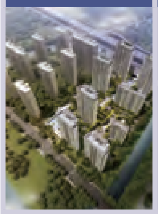
Yangtze River Delta Region

16 RK One More Time



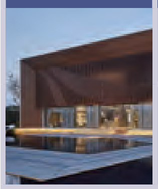
Floor area (sqm)	97,000	Nature	Residential	Stage of completion (note)	S	Land area (sqm)	45,000
Approximate attributable interest	100%	Target completion	2020	Location	East of Fucheng North Road, South of Luzhi Avenue, Wuzhong District, Suzhou, Jiangsu Province, the PRC		

17 Mu Du Project



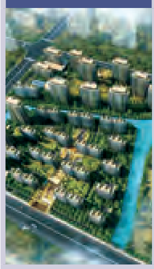
Floor Area (sqm)	75,000	Nature	Residential	Stage of Completion (note)	F	Land Area (sqm)	36,000
Approximate attributable interest	51%	Target completion	2021	Location	South of Sufu Road, East of Suxu Bay, Zhonghai, Mudu Town, Wuzhong District, Suzhou, Jiangsu Province, the PRC		

18 Lan Ting Long Yue Hua Yuan



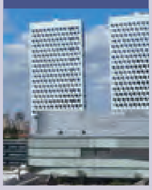
Floor area (sqm)	152,000	Nature	Residential	Stage of completion (note)	F/S	Land area (sqm)	71,000
Approximate attributable interest	49%	Target completion	2022	Location	North of Youyi Road, East of Tongjing Road, Lujia Town, Kunshan, Jiangsu Province, the PRC		

19 Jinmao Palace



Floor area (sqm)	200,000	Nature	Residential	Stage of completion (note)	S/C	Land area (sqm)	116,000
Approximate attributable interest	45%	Target completion	2020	Location	North land locates at Qingfeng Road East, Tangqiao Road South, South land locates at Youquan Road North, Shiqiaogang West, Economic and Technological Development Zone, Jiaxing, Zhejiang Province, the PRC		

20 RK XinTianDi (Ningbo)



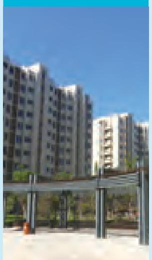
Floor area (sqm)	60,000	Nature	Residential and commercial	Stage of completion (note)	C	Land area (sqm)	20,000
Approximate attributable interest	100%	Target completion	Completed	Location	No. 32, Zhengda Lane, Jiangbei District, Ningbo, Zhejiang Province, the PRC		

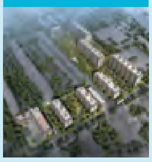
MAJOR PROJECTS INFORMATION

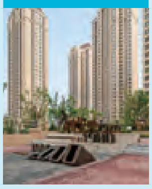
Properties for Sale

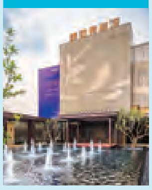
As at 31 December 2019

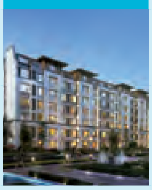
Bohai Rim Region

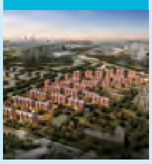
21	RK World City							
	Floor area (sqm)	7,000	Nature	Residential	Stage of completion (note)	C	Land area (sqm)	86,000
	Approximate attributable interest	100%	Target completion	Completed	Location	West to Heying Road, East to Heying Xi Road, North to Changhuai Road Southern Line and South to Changhuai Road, Nanshao Town, Changping District, Beijing, the PRC		

22	RK Yun He Shang Yuan							
	Floor area (sqm)	57,000	Nature	Residential	Stage of completion (note)	S	Land area (sqm)	33,000
	Approximate attributable interest	100%	Target completion	2021	Location	Ligezhuang Road, Miyun District, Beijing, the PRC		

23	RK Sunny Town							
	Floor area (sqm)	340,000	Nature	Residential	Stage of completion (note)	P/F/S/C	Land area (sqm)	811,000
	Approximate attributable interest	94.74%	Target completion	2022	Location	Junction of Lushan Road and Helan Road, Hedong District, Tianjin, the PRC		

24	RK Junlan Bay							
	Floor area (sqm)	179,000	Nature	Residential	Stage of completion (note)	S/C	Land area (sqm)	125,000
	Approximate attributable interest	100%	Target completion	2020	Location	Junction of Chenyong Road and Zhixin Road, Beicang Town, Beichen District, Tianjin, the PRC		

25	Joy Meaningful Residence							
	Floor area (sqm)	163,000	Nature	Residential	Stage of completion (note)	F/S	Land area (sqm)	109,000
	Approximate attributable interest	50%	Target completion	2021	Location	East of Huangzhuang Street and Quanshang Road, Wuqing District, Tianjin, the PRC		

26	RK Fabulous Community							
	Floor area (sqm)	100,000	Nature	Residential	Stage of completion (note)	S	Land area (sqm)	72,000
	Approximate attributable interest	100%	Target completion	2020	Location	East of Wenhui North Road, Haihe Education Park, Tianjin, the PRC		

MAJOR PROJECTS INFORMATION

Properties for Sale

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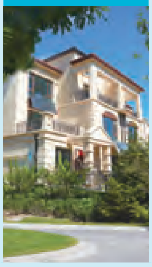
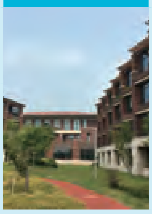
Bohai Rim Region

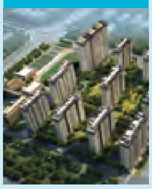


27	RK Grandtown						
Floor area (sqm)	234,000	Nature	Residential	Stage of completion (note)	S/C	Land area (sqm)	495,000
Approximate attributable interest	100%	Target completion	2020	Location	East of Shouchuang Da Street, South of Xinkai Da Street, West of Lidaxian and South to North of Dafubei Road, Xiadian Town, Dachang Hui Autonomous County, Langfang, Hebei Province, the PRC		



28	Guan Project						
Floor area (sqm)	75,000	Nature	Residential and commercial	Stage of completion (note)	C	Land area (sqm)	200,000
Approximate attributable interest	45%	Target completion	Completed	Location	West of Neinanchen Village and East of Daguang Highway, Hot Spring Park, Guan County, Langfang, Hebei Province, the PRC		

29	RK City (Jinan) Phase III						
Floor area (sqm)	104,000	Nature	Residential and commercial	Stage of completion (note)	P/S	Land area (sqm)	17,000
Approximate attributable interest	100%	Target completion	2021	Location	South of Beiyuan Da Street and West of Erhuan East Road, Licheng District, Jinan, Shandong Province, the PRC		



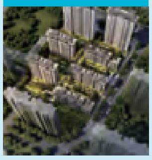
30	Joy Mansion of Glory						
Floor area (sqm)	129,000	Nature	Residential	Stage of completion (note)	S	Land area (sqm)	50,000
Approximate attributable interest	50%	Target completion	2020	Location	North of Jingshi Dong Road, Lixia District, Jinan, Shangdong Province, the PRC		

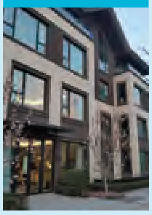
MAJOR PROJECTS INFORMATION

Properties for Sale

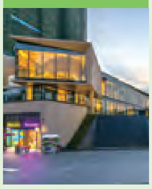
As at 31 December 2019

Bohai Rim Region

31	Noble Mansion of Glory							
	Floor area (sqm)	60,000	Nature	Residential	Stage of completion (note)	S	Land area (sqm)	21,000
	Approximate attributable interest	50%	Target completion	2021	Location	South of Xinggang Road, Lixia District, Jinan, Shangdong Province, the PRC		

32	Jin Mao Noble Manor							
	Floor area (sqm)	151,000	Nature	Residential	Stage of completion (note)	F/S	Land area (sqm)	81,000
	Approximate attributable interest	50%	Target completion	2021	Location	North of Feiyue Avenue, East of Hancang River, South of Hancang Avenue, Licheng District, Jinan, Shandong Province, the PRC		

Guangdong – Hong Kong – Macao Bay Area

33	RK Mont Panorama (Guangzhou)							
	Floor area (sqm)	53,000	Nature	Residential	Stage of completion (note)	C	Land area (sqm)	90,000
	Approximate attributable interest	51%	Target completion	Completed	Location	Baohua Road, Huadu District, Guangzhou, Guangdong Province, the PRC		

34	Phoenix Residence							
	Floor Area (sqm)	154,000	Nature	Residential	Stage of Completion (note)	P/F	Land Area (sqm)	58,000
	Approximate attributable interest	30%	Target completion	2023	Location	East of Phoenix South Road, South of Huadu Lake, Huadu District, Guangzhou, Guangdong Province, the PRC		

35	Elite's Mansion							
	Floor area (sqm)	138,000	Nature	Residential	Stage of completion (note)	S	Land area (sqm)	40,000
	Approximate attributable interest	49%	Target completion	2021	Location	North of Ronggui Rongqi Avenue East, West of Xianghe Guojiang Tunnel, Shunde District, Foshan, Guangdong Province, the PRC		

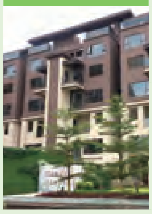
MAJOR PROJECTS INFORMATION

Properties for Sale

As at 31 December 2019

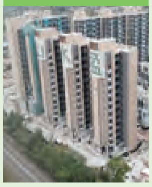
Guangdong – Hong Kong – Macao Bay Area

36 Rivage Panorama



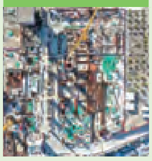
Floor area (sqm)	51,000	Nature	Residential	Stage of completion (note)	S	Land area (sqm)	22,000
Approximate attributable interest	100%	Target completion	2021	Location	No. 27 of Rongqi Avenue East, Ronggui Rongli Neighborhood Committee, Shunde District, Foshan, Guangdong Province, the PRC		

37 Crescent Green



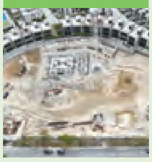
Floor area (sqm)	31,000	Nature	Residential	Stage of completion (note)	S	Land area (sqm)	28,000
Approximate attributable interest	100%	Target completion	2020	Location	Lot No. 1066 in Demarcation District No. 103, Au Tau, Yuen Long, New Territories, Hong Kong		

38 Wong Chuk Hang Project



Floor area (sqm)	47,000	Nature	Residential	Stage of completion (note)	S	Land area (sqm)	11,000
Approximate attributable interest	50%	Target completion	2022	Location	Site A of Aberdeen Inland Lot No. 467, Hong Kong		

39 So Kwun Wat Project



Floor area (sqm)	40,000	Nature	Residential	Stage of completion (note)	F	Land area (sqm)	12,000
Approximate attributable interest	50%	Target completion	2023	Location	Tuen Mun Town Lot No. 520, New Territories, Hong Kong		

MAJOR PROJECTS INFORMATION

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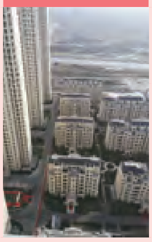
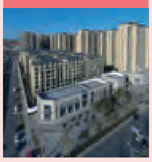
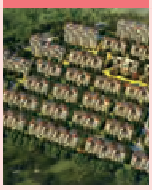
Other Regions

40	RK International City (Zhengzhou)							
	Floor area (sqm)	220,000	Nature	Residential	Stage of completion (note)	S/C	Land area (sqm)	162,000
	Approximate attributable interest	60%	Target completion	2021	Location	Northeast of the junction of Shangduda Road and Renwen Road, Zhengdong New District, Zhengzhou, Henan Province, the PRC		

41	RK Ninth County							
	Floor area (sqm)	763,000	Nature	Residential and commercial	Stage of completion (note)	P/F/S/C	Land area (sqm)	314,000
	Approximate attributable interest	60%	Target completion	2026	Location	East to Zhongxing Road, West to Guihua Road, South to Dongfeng Road, North to Wenbo Road, Xiaopan Zhuang, Zhongmou County, Zhengzhou, Henan Province, the PRC		

42	RK Royal City (Luoyang)							
	Floor area (sqm)	106,000	Nature	Residential	Stage of completion (note)	S/C	Land area (sqm)	147,000
	Approximate attributable interest	100%	Target completion	2020	Location	Huaxia Road, Gaoxin District, Luoyang, Henan Province, the PRC		

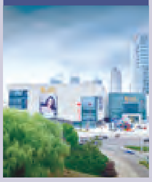
43	RK Leader of Life (Luoyang)							
	Floor area (sqm)	54,000	Nature	Residential	Stage of completion (note)	P	Land area (sqm)	54,000
	Approximate attributable interest	100%	Target completion	2022	Location	Southwest of the junction of Yanhuang Road and Tianzhong Road, Gaoxin District, Luoyang, Henan Province, the PRC		

MAJOR PROJECTS INFORMATION

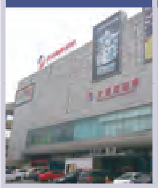
Investment Properties

As at 31 December 2019

Yangtze River Delta Region

44	RK Grand Metropolis (Changzhou)							
	Floor area (sqm)	92,000	Nature	Commercial	Stage of completion (note)	C	Land area (sqm)	67,000
	Approximate attributable interest	100%	Target completion	Completed	Location	No. 33, Huayuan Street, Wujin District, Changzhou, Jiangsu Province, the PRC		

13	RK Phoenix City							
	Floor area (sqm)	23,000	Nature	Commercial	Stage of completion (note)	C	Land area (sqm)	17,000
	Approximate attributable interest	100%	Target completion	Completed	Location	Junction of Zhongxin Da Road East and Xieyu Road South, Suzhou Industrial Park, Suzhou, Jiangsu Province, the PRC		

45	RK Grand Metropolis (Suzhou)							
	Floor area (sqm)	37,000	Nature	Commercial	Stage of completion (note)	C	Land area (sqm)	24,000
	Approximate attributable interest	100%	Target completion	Completed	Location	No. 180, Renmin Road, Wujiang District, Suzhou, Jiangsu Province, the PRC		

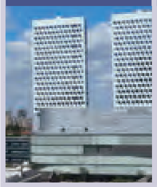
12	Meili Ancient Town							
	Floor Area (sqm)	42,000	Nature	Commercial	Stage of Completion (note)	C	Land Area (sqm)	54,000
	Approximate attributable interest	60%	Target completion	Completed	Location	Southeast of Xinhua Road and Taibo Avenue, Xinwu District, Wuxi, Jiangsu Province, the PRC		

MAJOR PROJECTS INFORMATION

Investment Properties

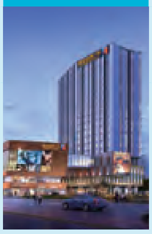
As at 31 December 2019

Yangtze River Delta Region

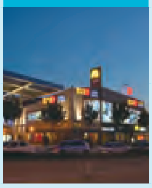


20	RK XinTianDi (Ningbo)						
Floor Area (sqm)	24,000	Nature	Commercial	Stage of Completion (note)	C	Land Area (sqm)	7,000
Approximate attributable interest	100%	Target completion	Completed	Location	No. 32, Zhengda Lane, Jiangbei District, Ningbo, Zhejiang Province, the PRC		

Bohai Rim Region



21	RK World Plaza						
Floor area (sqm)	56,000	Nature	Commercial	Stage of completion (note)	C	Land area (sqm)	22,000
Approximate attributable interest	100%	Target completion	Completed	Location	West to Heying Road, East to Heying Xi Road, North to Changhuai Road Southern Line and South to Changhuai Road, Nanshao Town, Changping District, Beijing, the PRC		



23	RK Joy Park						
Floor area (sqm)	13,000	Nature	Commercial	Stage of completion (note)	C	Land area (sqm)	9,000
Approximate attributable interest	94.74%	Target completion	Completed	Location	Junction of Longshan Road and Tianshan Bei Road, Hedong District, Tianjin, the PRC		

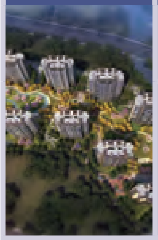
Other Regions

46	RK Central Special Zone						
Floor area (sqm)	18,000	Nature	Commercial	Stage of completion (note)	C	Land area (sqm)	9,000
Approximate attributable interest	94.74%	Target completion	Completed	Location	Junction of Shangding Road and Nongye Dong Road, Zhengdong New District, Zhengzhou, Henan Province, the PRC		

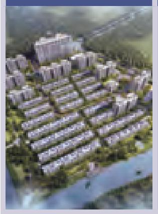
MAJOR PROJECTS INFORMATION

NEW PROJECTS ACQUIRED IN THE SECOND HALF OF 2019

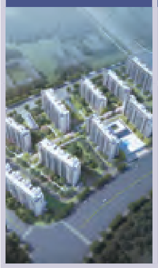
Yangtze River Delta Region



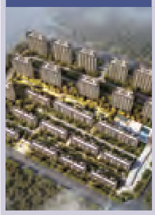
47	RK Shanghai Style+ (formerly known as An Ting Project)						
Floor Area (sqm)	61,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	36,000
Approximate attributable interest	52.5%	Target completion	2021	Location	East to Nanqian Path, South to the Base Boundary, West to Cuipu Road, North to Hejing East Road, Huangdu Town, Jiading District, Shanghai, the PRC		



48	Waigang Project						
Floor Area (sqm)	64,000	Nature	Residential	Stage of Completion (note)	P	Land Area (sqm)	46,000
Approximate attributable interest	65%	Target completion	2021	Location	East to Yinlong Road, South to Miaojing, West to Xiaohengli River, North to Hengtao Road, Jiading District, Shanghai, the PRC		



49	Shan Yu Juan Fu						
Floor Area (sqm)	69,000	Nature	Residential	Stage of Completion (note)	P	Land Area (sqm)	39,000
Approximate attributable interest	49%	Target completion	2021	Location	East to Gongnong Road, South to Guihua Hongqi Road, West to Guihua Zhanshu Road, North to Guihua Guanyaoshan North Road, Qixia District, Nanjing, Jiangsu Province, the PRC		



50	Time Boutique						
Floor Area (sqm)	151,000	Nature	Residential	Stage of Completion (note)	P	Land Area (sqm)	77,000
Approximate attributable interest	51%	Target completion	2021	Location	Southeast side of the intersection of Xidong Avenue and Zhili Road, Xinwu District, Wuxi, Jiangsu Province, the PRC		

51	Xiangcheng District Project						
Floor Area (sqm)	155,000	Nature	Residential	Stage of Completion (note)	P	Land Area (sqm)	79,000
Approximate attributable interest	51%	Target completion	2022	Location	East of Kangyang Road, South of Chunguang Road, Huangdai Town, Xiangcheng District, Suzhou, Jiangsu Province, the PRC		

MAJOR PROJECTS INFORMATION

NEW PROJECTS ACQUIRED IN THE SECOND HALF OF 2019

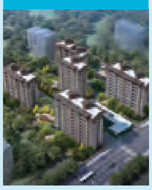
Yangtze River Delta Region

52	RK Hangzhou Style (formerly known as Yuhang District Project)							
	Floor Area (sqm)	12,000	Nature	Residential	Stage of Completion (note)	S	Land Area (sqm)	9,000
	Approximate attributable interest	100%	Target completion	2020	Location	South of Baoqing Street, West of Chenghuang Middle Road, Qiaosi Street, Yuhang District, Hangzhou, Zhejiang Province, the PRC		

53	Chongxian C4 Project							
	Floor Area (sqm)	75,000	Nature	Residential	Stage of Completion (note)	P	Land Area (sqm)	36,000
	Approximate attributable interest	49%	Target completion	2022	Location	East to Sanxianqiao Port, South to Chonghang Street, West to Guihua Road, North to Qiancun Street, Yuhang District, Hangzhou, Zhejiang Province, the PRC		

54	Chongxian C5 Project							
	Floor Area (sqm)	100,000	Nature	Residential	Stage of Completion (note)	P	Land Area (sqm)	49,000
	Approximate attributable interest	60%	Target completion	2021	Location	East to Guihua Road, South to Chonghang Street, West to Shangxian Road, North to Qiancun Street, Yuhang District, Hangzhou, Zhejiang Province, the PRC		

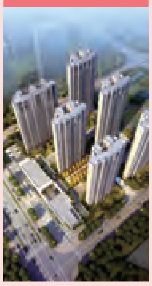
Bohai Rim Region

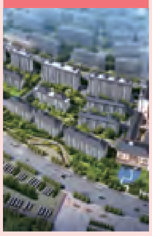
55	Guan Project Phase II							
	Floor Area (sqm)	18,000	Nature	Residential	Stage of Completion (note)	P	Land Area (sqm)	13,000
	Approximate attributable interest	45%	Target completion	2021	Location	West side of Zhongxijing Road, Hot Spring Park, Guan County, Langfang, Hebei Province, the PRC		

MAJOR PROJECTS INFORMATION

NEW PROJECTS ACQUIRED IN THE SECOND HALF OF 2019

Other Regions

56	Economic Development Zone Project							
	Floor Area (sqm)	82,000	Nature	Residential	Stage of Completion (note)	P	Land Area (sqm)	24,000
	Approximate attributable interest	49.9%	Target completion	2022	Location	North of Lingyun Road, East of Yulong Street (Planned road name: Baishi East Street), South of Langxing Road, National Economic and Technological Development Zone, Zhengzhou, Henan Province, the PRC		

57	RK Slow City (Central China)							
	Floor Area (sqm)	248,000	Nature	Residential	Stage of Completion (note)	P	Land Area (sqm)	249,000
	Approximate attributable interest	51%	Target completion	2022	Location	North side of Xinmi West Railway Station, North side of Dabei Ring Planning Road, Micun Town, Xinmi City, Zhengzhou, Henan Province, the PRC		

NEW PROJECTS ACQUIRED IN 2020 AND UP TO THE DATE OF THIS REPORT

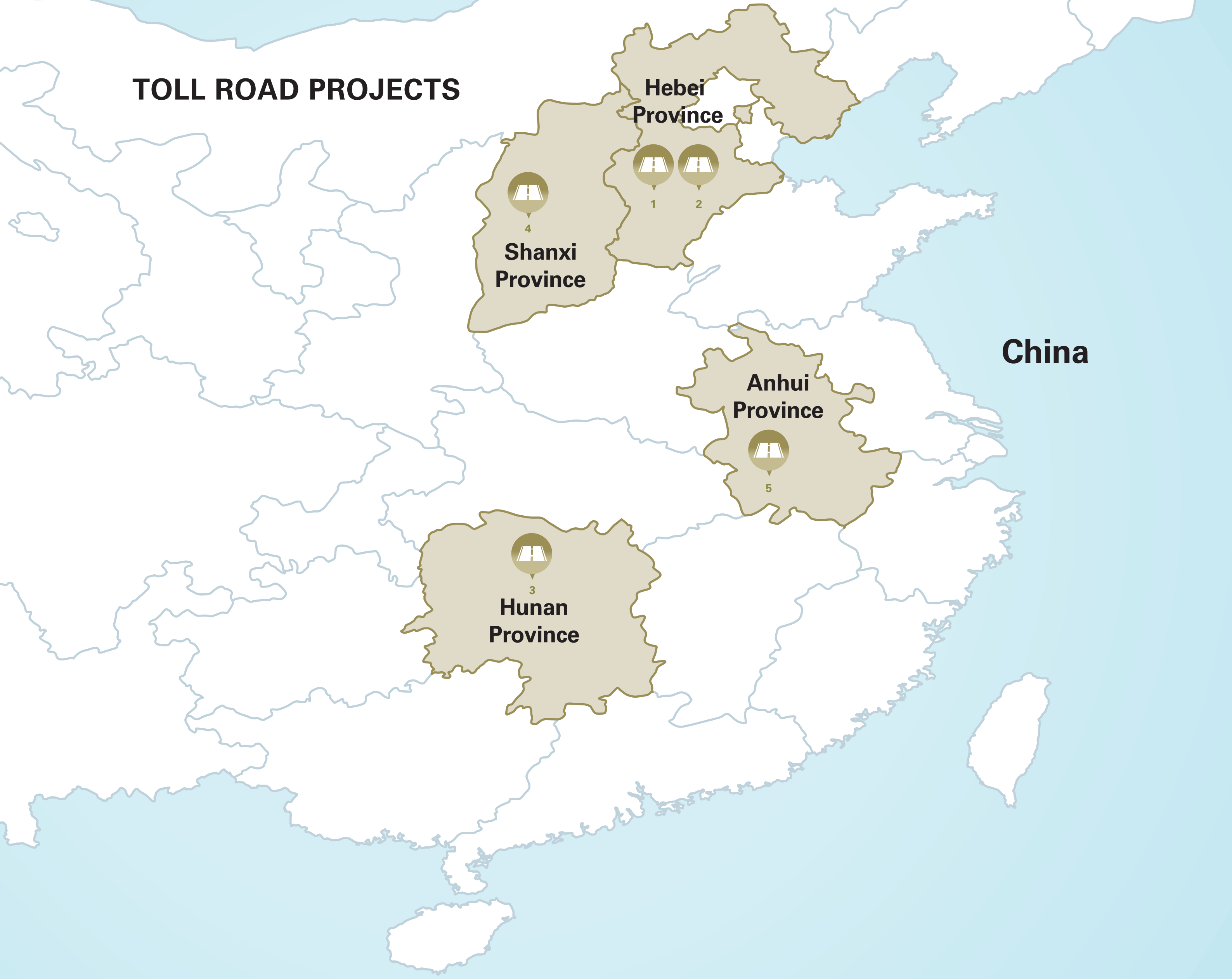
Yangtze River Delta Region

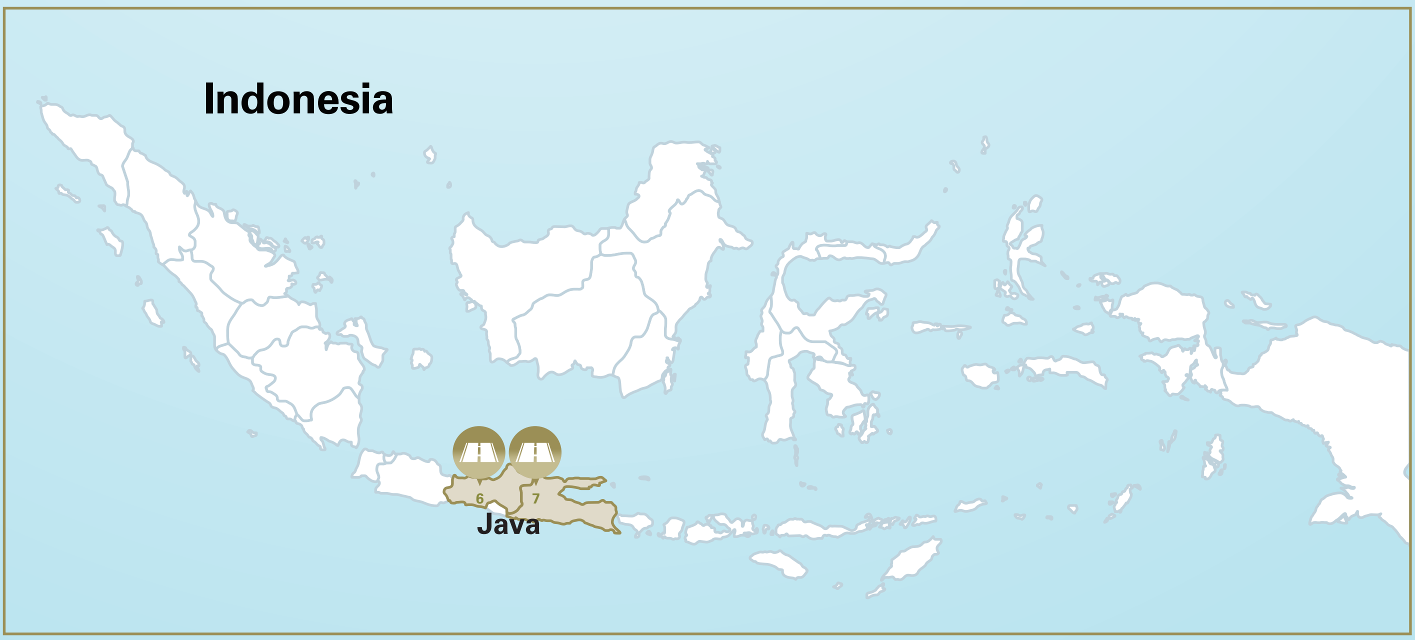
58	Wujin District Project							
	Floor Area (sqm)	59,000	Nature	Residential	Stage of Completion (note)	P	Land Area (sqm)	40,000
	Approximate attributable interest	100%	Target completion	2021	Location	West side of Wuyi North Road and North side of Juhu East Road, Hutang Town, Wujin District, Changzhou, Jiangsu Province, the PRC		

Notes:

"P" denotes "Planning and design"
"S" denotes "Superstructure"
"F" denotes "Foundation"
"C" denotes "Completed"

TOLL ROAD PROJECTS

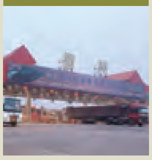




MAJOR PROJECTS INFORMATION

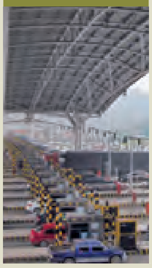
Toll Road Projects

As at 31 December 2019

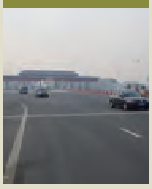


1	Baojin Expressway				
Location	Hebei Province	Length	105 km	Equity interest (note)	40%
Route	National Expressway G18 Baoding-Tianjin ~ 4-lane	Road Rise Investments Limited			

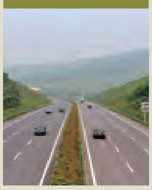
2	Tangjin Expressway				
Location	Hebei Province	Length	58 km	Equity interest (note)	45%
Route	National Expressway G25 Tangshan-Tianjin ~ 4/6-lane	Ontex Investments Limited Road Base Investments Limited Road Bond Investments Limited			



3	Changyi Expressway				
Location	Hunan Province	Length	69 km	Equity interest (note)	43.17%
Route	National Expressway G5513 Changsha-Yiyang ~ 4-lane	Road Crown Investments Limited Road Express Investments Limited Road Famous Investments Limited Road Glorious Investments Limited Road Grand Investments Limited Road Link Investments Limited			



4	Longcheng Expressway				
Location	Shanxi Province	Length	72 km	Equity interest (note)	45%
Route	Provincial Expressway S2002 Yuci Longbai Village-Chengzhao, Qixian ~ 6-lane	Intersafe Investments Limited			



5	Machao Expressway				
Location	Anhui Province	Length	36 km	Equity interest (note)	49%
Route	Provincial Expressway S24 Ma'anshan-Chaohu ~ 6-lane	Road King (China) Infrastructure Limited			

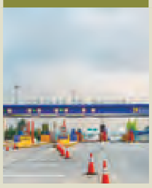
MAJOR PROJECTS INFORMATION

Toll Road Projects

As at 31 December 2019

NEW PROJECTS ACQUIRED IN THE SECOND HALF OF 2019

6	SN Expressway					
	Location	Central and East Java, Indonesia	Length	91 km	Equity interest (note)	40%
	Route	Trans Java Expressway Solo Ngawi ~ 4-lane	Kings Key Limited			

7	NKK Expressway					
	Location	East Java, Indonesia	Length	115 km	Equity interest (note)	40%
	Route	Trans Java Expressway Ngawi Kertosono Kediri ~ 4-lane	Kings Key Limited			

Note:

As at 31 December 2019, the toll road projects are indirectly held by Road King Expressway International Holdings Limited, which is 75% (2018: 75%) held by the Group.

BUSINESS REVIEW

For the year ended 31 December 2019, property sales and toll revenue of the Group (including joint venture and associate projects) were RMB42,765 million and RMB3,162 million respectively, totaling RMB45,927 million, representing an increase of 22% as compared with 2018. The profit for the year of 2019 was HK$3,677 million, with earnings per share of HK$4.04 and net assets per share of HK$25.18.

For land reserve replenishment, the Group acquired 15 pieces of land in Mainland China, mainly for residential and commercial purpose, through listing-for-sale and co-development with competent enterprises in 2019, with an aggregate floor area of about 1,490,000 sqm. As at 31 December 2019, the Group's land reserves was approximately 7,350,000 sqm in total, and total area of properties pre-sold but yet to be delivered was 1,790,000 sqm.

BUSINESS SEGMENTS ANALYSIS

(i) PROPERTY SEGMENT

In 2019, the central government of Mainland China reaffirmed the policy of "house is for living, not for speculating" and implemented the long-term effective mechanism of "one policy for one city, assuming the primary responsibility of local government" under the overall guideline of maintaining stability. Austerity measures have also been continuously intensified, such as regulating land auction, tightening home purchase restrictions, restriction on prices and mortgage, have become routinised in various regions. Resolutely preventing the illegal inflow of funds into real estate is the government's bottom line, indicating that the trend of strict supervision over property financing continues. Although the overall transaction volume increased gradually, transactions differed notably in various cities. By closely following the market trend and adhering to the operating principle of ensuring a balance between profitability and sales volume, the operation team of the Group concerted their efforts and drove property sales of the property segment in 2019 to a record high of RMB39,962 million, comprising the contracted sales of RMB36,124 million and outstanding subscribed sales of RMB3,838 million.

Property Sales and Delivery

Set out below is an analysis of the property segment's property sales and delivery by region (including joint venture projects) for 2019:

	Sales		Delivery	
Regions	**Amount**	**Area**	**Amount**	**Area**
(Notes)	RMB'million	sqm	RMB'million	sqm
Yangtze River Delta Region	28,789	1,487,000	20,776	1,280,000
Bohai Rim Region	8,257	461,000	6,264	361,000
Guangdong-Hong Kong -Macao Bay Area	2,101	77,000	2,863	139,000
Other Regions	815	88,000	691	94,000
Total (2019)	39,962	2,113,000	30,594	1,874,000
Total (2018)	31,648	1,814,000	20,254	1,130,000

Notes:
Yangtze River Delta Region comprises Shanghai, Jiangsu Province and Zhejiang Province.
Bohai Rim Region comprises Beijing, Tianjin, Hebei Province and Shandong Province.
Guangdong-Hong Kong-Macao Bay Area comprises Guangdong Province and Hong Kong Special Administrative Region.
Other Regions comprise Henan Province.

In 2019, property sales from the property segment increased by approximately 26% as compared with 2018. The average selling price increased to approximately RMB18,900 per sqm, representing an increase of approximately 8% as compared with 2018. The sales mainly concentrated in Yangtze River Delta Region, representing about 72% of the total property sales. As at 31 December 2019, the total area of properties pre-sold but yet to be delivered was about 1,680,000 sqm.

Financial Review

Set out below is an analysis of the financial performance of the Group's property segment for 2019 and 2018:

	2019 HK$'million	2018 HK$'million
Revenue	20,962	22,143
Gross profit	7,241	9,881
Selling and operating expenses	(1,275)	(1,302)
Profit for the year	3,101	2,959

In 2019, revenue of the Group's property segment was mainly contributed by the delivery of properties in Yangtze River Delta Region, which represented about 68% of the total property delivery. The average selling price per sqm was approximately RMB16,300. Gross profit margin was approximately 35%. Profit of the property segment increased to HK$3,101 million.

Land Reserves

The Group's property segment acquired 14 pieces of land for residential purpose, through listing-for-sale and co-development with competent enterprises in 2019, with an aggregate floor area of about 1,240,000 sqm. Among which, 12 pieces of new land were jointly developed with competent enterprises, which would enable the Group to invest in more and scalable projects, share higher returns and diversify the financial burden.

Details of new lands are set out as follows:

Province/Municipalities	Attributable Interest	Land Area sqm	Floor Area sqm	Total consideration RMB'million
Yangtze River Delta Region				
Shanghai	52.5% – 65%	82,000	125,000	1,868
Jiangsu Province	49% – 51%	338,000	614,000	7,048
Zhejiang Province	49% – 100%	95,000	187,000	2,593
Bohai Rim Region				
Beijing	100%	33,000	57,000	408
Hebei Province	45%	13,000	18,000	35
Guangdong – Hong Kong – Macao Bay Area				
Guangdong Province	30%	58,000	154,000	2,595
Other Regions				
Henan Province	49.9%	24,000	82,000	359

The Group's land reserve includes properties under planning and construction, properties held for sale and properties held for investment. As at 31 December 2019, the property segment's land reserve was approximately 5,940,000 sqm which were mainly located in Yangtze River Delta Region, representing more than 50% of the total land reserve.

In March 2020, the Group further acquired a land parcel in Wujin District, Changzhou for residential development through listing-for-sale. The site area and the floor area of the project are 40,000 sqm and 59,000 sqm, respectively. The Group will optimise the land reserve portfolio in the Mainland China and Hong Kong in a cautious manner and seek for more development opportunities with business partners in the future.

In 2019, the Group's new construction area was 2,740,000 sqm while the area of completed projects was 2,700,000 sqm. New construction area and the area of completed projects in 2020 are expected to be 2,380,000 sqm and 2,930,000 sqm, respectively.

Overview of Major Projects

Yangtze River Delta Region

RK Sheshan Villa • Dongyuan, Shanghai

RK Sheshan Villa • Dongyuan is located in Xiaokunshan Town, Songjiang District, Shanghai with two pieces of land for residential and commercial developments adjacent to RK Sheshan Villa. The project has a site area of 122,000 sqm and a floor area of 194,000 sqm.

In 2019, sales of RK Sheshan Villa • Dongyuan was RMB2,502 million, with an average selling price of approximately RMB42,000 per sqm for residential building. In 2019, the value and area of properties delivered were RMB1,971 million and 56,000 sqm, respectively. It is expected that a total area of 26,000 sqm will be delivered in 2020, of which 21,000 sqm had already been pre-sold as of 31 December 2019.

RK City, Changzhou

RK City is located at Hutang Town, a town centre of Wujin District surrounded by well-established amenities. It has an aggregated site area and a floor area of 280,000 sqm and 705,000 sqm, respectively. The project is developed in eight phases, with a focus on high-rise and low-rise residential buildings.

In 2019, sales of RK City was RMB130 million, with an average selling price of approximately RMB15,000 per sqm for residential building. In 2019, the value and area of properties delivered were RMB2,476 million and 235,000 sqm, respectively. It is expected that a total residential area of 6,000 sqm will be delivered in 2020, of which 4,000 sqm had already been pre-sold as of 31 December 2019.

RK City Signature, Changzhou

RK City Signature is located to the east of Longjiang Middle Road and to the south of Qingtan West Road, Lingjiatang, Zhonglou District, Changzhou, with a site area of 110,000 sqm and a floor area of 264,000 sqm. The project is developed in three phases.

In 2019, sales of RK City Signature was RMB51 million. In 2019, the value and area of properties delivered were RMB856 million and 94,000 sqm, respectively. It is expected that a total area of 16,000 sqm will be delivered in 2020, of which 1,000 sqm had already been pre-sold as of 31 December 2019.

RK City Landmark, Changzhou

Located at the commercial and trade hub of Longjiang Road in New Town of Changzhou, which is a key area of development according to government plans, RK City Landmark is well-served with various amenities and the Group plans to develop it into a quality and eco-friendly community. With a site area of 89,000 sqm and a floor area of 217,000 sqm, the project is developed in three phases.

In 2019, sales of RK City Landmark was RMB72 million, with an average selling price of approximately RMB16,000 per sqm for residential building. In 2019, the value and area of properties delivered were RMB1,857 million and 131,000 sqm, respectively. It is expected that a total area of 91,000 sqm will be delivered in 2020, of which 73,000 sqm had already been pre-sold as of 31 December 2019.

RK Taihu Lake Yard, Changzhou

Located to the north of Xitaihu, Wujin District, Changzhou. RK Taihu Lake Yard is in proximity to Xitaihui scenic area and Jiangsu-Macao industrial zone. Boasting convenient access and comprehensive facilities, the project is surrounded by a beautiful environment fit for developing into a high-end low density community. The project has a developable site area of 208,000 sqm and a floor area of 197,000 sqm.

In 2019, sales of RK Taihu Lake Yard was RMB1,076 million, with an average selling price of approximately RMB18,000 per sqm. In 2019, the value and area of properties delivered were RMB794 million and 51,000 sqm, respectively. It is expected that a total area of 43,000 sqm will be delivered in 2020, of which 22,000 sqm had already been pre-sold as of 31 December 2019.

RK Sky Peninsula, Changzhou

Located to the north of Yancheng Avenue, Yanshan New District, Liyang, Changzhou and close to Liyang Station of Nanjing-Hangzhou (Ninghang) Highspeed Rail and Yanhu Park. RK Sky Peninsula is equipped with quality educational, healthcare and commercial facilities. The project is fit for developing into a high-end residential community integrating park landscape resources, and has an aggregated site area and a floor area of 46,000 sqm and 76,000 sqm, respectively.

In 2019, sales of RK Sky Peninsula was RMB568 million, with an average selling price of approximately RMB14,000 per sqm. In 2019, the value and area of properties delivered were RMB774 million and 58,000 sqm, respectively. It is expected that a total area of 28,000 sqm will be delivered in 2020, of which 14,000 sqm had already been pre-sold as of 31 December 2019.

RK Metropolis, Changzhou

Located in Yaoguan Town, Wujin District, Changzhou and adjacent to the urban core of Tianning and Songjianhu Wetland Park, RK Metropolis has a beautiful environment with sound commercial, educational and healthcare facilities and a RT-Mart supermarket already completed and in operation within the area. The project has a site area of 50,000 sqm and a floor area of 97,000 sqm.

In 2019, sales of RK Metropolis was RMB242 million. In 2019, the value and area of properties delivered were RMB730 million and 71,000 sqm, respectively. It is expected that a total area of 10,000 sqm will be delivered in 2020, of which 2,000 sqm had already been pre-sold as of 31 December 2019.

City Wan Xiang, Changzhou

Located at the east of Longjiang Zhong Road and north of Zhongwu Avenue in Zhonglou District, Changzhou, Jiangsu Province, the City Wan Xiang is adjacent to RK City Signature. Surrounded by quality educational, healthcare and commercial facilities, the land is fit for developing into a low-density residential apartments. The project has a site area of 109,000 sqm and a floor area of 214,000 sqm.

In 2019, sales of City Wan Xiang was RMB2,636 million, with an average selling price of approximately RMB16,000 per sqm. It is expected that a total area of 220,000 sqm will be delivered in 2020, of which 198,000 sqm had already been pre-sold as of 31 December 2019.

Tang Song, Changzhou

Tang Song is located at southeast of Dingxiang Road and Zhongwu Avenue. Surrounded by educational, healthcare, commercial, park and traffic facilities, the land is fit for developing into a high-quality residential project. The project has a site area of 129,000 sqm and a floor area of 232,000 sqm.

In 2019, sales of Tang Song was RMB1,871 million, with an average selling price of approximately RMB17,000 per sqm. It is expected that a total area of 139,000 sqm will be delivered in 2020, of which 117,000 sqm had already been pre-sold as of 31 December 2019.

Guo Shi Jiu Li, Changzhou

Guo Shi Jiu Li is located to the west of Chechang Road and to the south of Qingtan West Road, Zhonglou District, Changzhou. It has convenient transportation, complete surrounding facilities, rich commercial, medical, and educational resources, and is fit for developing into high-quality and low-density residences. The project has a site area of 61,000 sqm and a floor area of 113,000 sqm.

In 2019, sales of Guo Shi Jiu Li was RMB1,684 million, with an average selling price of approximately RMB21,000 per sqm. It is expected that a total area of 102,000 sqm will be delivered in 2020, of which 81,000 sqm had already been pre-sold as of 31 December 2019.

RK Yanjiang Riverside, Suzhou

RK Yanjiang Riverside is located at Yangchenghu Town, Xiangcheng District, Suzhou, with a site area of 58,000 sqm and a floor area of 79,000 sqm. Yangchenghu Town is a famous tourist attraction in Yangtze River Delta Region alongside comprehensive and first-class leisure facilities, which is fit for developing into a high-end villa surrounded by lake scenery.

In 2019, sales of RK Yanjiang Riverside was RMB271 million, with an average selling price of approximately RMB21,000 per sqm. In 2019, the value and area of properties delivered were RMB513 million and 29,000 sqm, respectively.

New Lake New City, Suzhou

New Lake New City is located in the Wuzhong Taihu Resort Zone, Suzhou. The land is fit for developing into high-quality residential apartments with convenient access. The project has a site area of 173,000 sqm and a floor area of 356,000 sqm.

In 2019, sales of New Lake New City was RMB2,841 million, with an average selling price of approximately RMB18,000 per sqm. In 2019, the value and area of properties delivered were RMB1,870 million and 108,000 sqm, respectively. It is expected that a total area of 134,000 sqm will be delivered in 2020, of which 81,000 sqm had already been pre-sold as of 31 December 2019.

The Legendary One, Suzhou

The Legendary One, Suzhou is located in Chengtie New Town, Suzhou New District, adjacent to the New District Railway Station, Metro Line 3, and large commercial centers such as IKEA and AEON. The project has a site area of 95,000 sqm and a floor area of 188,000 sqm.

In 2019, sales of The Legendary One was RMB2,112 million, with an average selling price of approximately RMB32,000 per sqm. In 2019, the value and area of properties delivered were RMB1,638 million and 56,000 sqm, respectively. It is expected that a total area of 75,000 sqm will be delivered in 2020, of which 13,000 sqm had already been pre-sold as of 31 December 2019.

RK One More Time, Suzhou

RK One More Time is located to the south of Luzhi Avenue and in proximity of Luzhi Ancient Town. The project has convenient transportation, and is directly connected to Suzhou Industrial Park via Luzhi Avenue. It is fit for developing into a high-quality residential project. The project has a site area of 45,000 sqm and a floor area of 97,000 sqm.

In 2019, sales of RK One More Time was RMB724 million, with an average selling price of approximately RMB23,000 per sqm. It is expected that a total area of 96,000 sqm will be delivered in 2020, of which 31,000 sqm had already been pre-sold as of 31 December 2019.

RK The Providence, Wuxi

RK The Providence is located in Binhu District, Wuxi, Jiangsu Province. The project is located in the Taihu Tourist Resort Zone and adjacent to the planned Metro line, which is a new upscale residential area in Wuxi. The project has a site area of 88,000 sqm and a floor area of 200,000 sqm.

In 2019, sales of RK The Providence was RMB348 million, with an average selling price of approximately RMB24,000 per sqm. In 2019, the value and area of properties delivered were RMB2,097 million and 93,000 sqm, respectively. It is expected that a total area of 17,000 sqm will be delivered in 2020, of which 7,000 sqm had already been pre-sold as of 31 December 2019.

Pearl of the Lake, Wuxi

Located at the Binhu District, Wuxi and in proximity to Taihu and Lingshan scenic area, Pearl of the Lake is of beautiful scenery and excellent natural visual resources, which is fit for developing into middle to high end projects. The project has a site area of 320,000 sqm and a floor area of 72,000 sqm.

In 2019, sales of Pearl of the Lake was RMB131 million, with an average selling price of approximately RMB19,000 per sqm. In 2019, the value and area of properties delivered were RMB926 million and 53,000 sqm, respectively. It is expected that a total area of 4,000 sqm will be delivered in 2020 and had already been pre-sold as of 31 December 2019.

Embrace of Glory, Wuxi

Located at the Binhu District, Wuxi and in proximity to Taihu and Lingshan scenic area, Embrace of Glory is of beautiful scenery and excellent natural visual resources. With a strategic location and a strong living atmosphere, the project is fit for developing into middle to high end projects. The project has a site area of 106,000 sqm and a floor area of 148,000 sqm.

In 2019, sales of Embrace of Glory was RMB715 million, with an average selling price of approximately RMB17,000 per sqm. In 2019, the value and area of properties delivered were RMB127 million and 7,000 sqm, respectively. It is expected that a total area of 55,000 sqm will be delivered in 2020, of which 40,000 sqm had already been pre-sold as of 31 December 2019.

Mei Du Mansion, Wuxi

Mei Du Mansion is located to the northwest of intersection of Taibo Avenue, Meicun Street and Meixi Road, Xinwu District. At the core of the region with convenient transportation and mature supporting facilities, it is fit for developing into a high-quality residential project. The project has a site area of 45,000 sqm and a floor area of 71,000 sqm.

In 2019, sales of Embrace of Glory was RMB1,246 million, with an average selling price of approximately RMB18,000 per sqm. It is expected that a total area of 71,000 sqm will be delivered in 2020, of which 68,000 sqm had already been pre-sold as of 31 December 2019.

RK City, Zhenjiang

RK City, Zhenjiang is located in the Dagang district of the Zhenjiang High-tech Development Zone, an important manufacturing base in the Yangtze River Delta. Dagang is advancing the development and construction of the national Sino-Swiss Ecological Industrial Park. This project will be built into the international community of Sino-Swiss Ecological Industrial Park. The project has a site area of 257,000 sqm and a floor area of 435,000 sqm.

In 2019, sales of RK City, Zhenjiang was RMB762 million. In 2019, the value and area of properties delivered were RMB329 million and 47,000 sqm, respectively. It is expected that a total area of 102,000 sqm will be delivered in 2020, of which 89,000 sqm had already been pre-sold as of 31 December 2019.

Lan Ting Long Yue Hua Yuan, Kunshan

Lan Ting Long Yue Hua Yuan, Kunshan is in proximity of the government office in Lujia Town, Kunshan. People can reach Suzhou Industrial Park, the whole Kunshan City and Shanghai Metro Line 11 through Rail Transit Line S1 under construction. With established commercial, healthcare and educational facilities, excellent living atmosphere with a natural water area nearby, the land is fit for developing into a city improvement benchmark project. The project has a site area of 71,000 sqm and a floor area of 152,000 sqm.

In 2019, sales of Lan Ting Long Yue Hua Yuan was RMB643 million, with an average selling price of approximately RMB19,000 per sqm. It is expected that a total area of 42,000 sqm will be delivered in 2020, of which 34,000 sqm had already been pre-sold as of 31 December 2019.

Jinmao Palace, Jiaxing

Located at the Jiaxing Economic and Technological Development Zone, the Jinmao Palace is surrounded by established commercial, healthcare and educational facilities with the beautiful scenery. Jiaxing City is fit for developing into high-quality residential apartments. The project has a site area of 116,000 sqm and a floor area of 200,000 sqm.

In 2019, sales of Jinmao Palace was RMB1,824 million, with an average selling price of approximately RMB18,000 per sqm. It is expected that a total area of 207,000 sqm will be delivered in 2020, of which 178,000 sqm had already been pre-sold as of 31 December 2019.

Jiangnan Courtyard, Hangzhou

Located in Chongxian New City, Yuhang District and in proximity to Ocean River Masterpiece project and established commercial, school and healthcare facilities, Jiangnan Courtyard is fit for developing into a cost-effective residential project. The project has a site area of 40,000 sqm and a floor area of 79,000 sqm.

In 2019, sales of Jiangnan Courtyard was RMB1,140 million, with an average selling price of approximately RMB26,000 per sqm. In 2019, the value and area of properties delivered were RMB1,314 million and 63,000 sqm, respectively.

Ocean River Masterpiece, Hangzhou

Located in Chongxian New City, Yuhang District and in proximity to Jiangnan Courtyard project and established commercial, school and healthcare facilities, Jiangnan Courtyard is fit for developing into a cost-effective residential project. The project has a site area of 37,000 sqm and a floor area of 73,000 sqm.

In 2019, sales of Ocean River Masterpiece was RMB1,583 million, with an average selling price of approximately RMB22,000 per sqm. In 2019, the value and area of properties delivered were RMB1,460 million and 73,000 sqm, respectively.

Bohai Rim Region

RK Sunny Town, Tianjin

Located in Hedong District, Tianjin, RK Sunny Town is adjacent to the Tianjin Metro line. The project has a site area of 820,000 sqm with a floor area of 1,150,000 sqm and is planned to comprise nine phases of low-rise and high-rise residential buildings, coupled with 30,000 sqm of commercial complex, 8,000 sqm of a clubhouse as well as one primary school and one kindergarten.

In 2019, sales of RK Sunny Town was RMB1,609 million, with an average selling price of approximately RMB28,000 per sqm. In 2019, the value and area of properties delivered were RMB2,524 million and 97,000 sqm, respectively. It is expected that a total area of 80,000 sqm will be delivered in 2020, of which 65,000 sqm had already been pre-sold as of 31 December 2019.

RK Junlan Bay, Tianjin

RK Junlan Bay is located in Beicang Town, Beichen District, Tianjin, with a site area of 125,000 sqm and a floor area of 265,000 sqm. The project is at the west of the North Canel scenery belt and the east of Hebei University of Technology and residential area, and it is planned to be developed as an eco-friendly residential community with comprehensive facilities.

In 2019, sales of RK Junlan Bay was RMB985 million, with an average selling price of approximately RMB15,000 per sqm. In 2019, the value and area of properties delivered were RMB1,362 million and 94,000 sqm, respectively. It is expected that a total area of 109,000 sqm will be delivered in 2020, of which 27,000 sqm had already been pre-sold as of 31 December 2019.

RK Fabulous Community, Tianjin

RK Fabulous Community is located at the Haihe Education Park area of Jinnan District, Tianjin. It is connected to Tianjin Avenue via Jingu Highway, offering fast access to the urban area. With a quiet and beautiful surrounding, well-served living amenities and abundant educational resources within 3 kilometers, the land is fit for developing into a medium-density health residential apartment project. The project has a site area of 72,000 sqm and a floor area of 100,000 sqm.

In 2019, sales of RK Fabulous Community was RMB819 million, with an average selling price of approximately RMB20,000 per sqm. It is expected that a total area of 95,000 sqm will be delivered in 2020, of which 40,000 sqm had already been pre-sold as of 31 December 2019.

Joy Meaningful Residence, Tianjin

Joy Meaningful Residence, Tianjin is located in the Central Water City area of Wuqing District, Tianjin, near the Beijing-Hangzhou Grand Canal and Longfeng River. Having the advantages of convenient transportation and ecological landscape, it is healthy and livable, which is fit for developing into high-quality and low-density communities. The project has a site area of 109,000 sqm and a floor area of 163,000 sqm.

In 2019, sales of Joy Meaningful Residence was RMB1,034 million, with an average selling price of approximately RMB17,000 per sqm. It is expected that a total area of 72,000 sqm will be delivered in 2020, of which 60,000 sqm had already been pre-sold as of 31 December 2019.

RK Grandtown, Langfang

RK Grandtown located in Dachang County, Langfang, lying to the east of Yanjiao and is adjacent to Tongzhou District, Beijing. The Group plans to develop it as a high-end residential community. The project has a site area of 495,000 sqm with a floor area of 723,000 sqm and is planned to comprise five phases of villas, semi-detached villas and high-rise residential buildings, coupled with 35,000 sqm for commercial complex and 1,000 sqm for clubhouse.

In 2019, sales of RK Grandtown was RMB1,947 million, with an average selling price of approximately RMB16,000 per sqm. In 2019, the value and area of properties delivered were RMB2,149 million and 158,000 sqm, respectively. It is expected that a total area of 114,000 sqm will be delivered in 2020, of which 84,000 sqm had already been pre-sold as of 31 December 2019.

Guangdong – Hong Kong – Macao Bay Area

RK Mont Panorama, Guangzhou

Located at Baohua Road, the core centre of Huadu District, Guangzhou, RK Mont Panorama is adjacent to the developing Metro line 9 and surrounded by Huaguoshan Park, Canton Tower Park, Huadu Stadium and first-class education centres in Guangdong. With a site area of 90,000 sqm and a floor area of 226,000 sqm, the project is planned to be developed as a high-end residential community in three phases.

In 2019, sales of RK Mont Panorama was RMB911 million, with an average selling price of approximately RMB25,000 per sqm. In 2019, the value and area of properties delivered were RMB2,840 million and 134,000 sqm, respectively. It is expected that a total area of 69,000 sqm will be delivered in 2020, of which 21,000 sqm had already been pre-sold as of 31 December 2019.

Crescent Green, Hong Kong Special Administrative Region

Crescent Green is located in Au Tau, Yuen Long, New Territories with a site area of 28,000 sqm and a floor area of 31,000 sqm, the project is planned to be developed as a high quality low density residence. In response to the market situation in Hong Kong, the sale of Yuen Long Crescent Green Project was postponed to November 2019, with a sales amount of approximately HK$601 million. It is expected that a total area of 23,000 sqm will be delivered in 2020, of which 4,000 sqm had already been pre-sold as of 31 December 2019.

Wong Chuk Hang Project, Hong Kong Special Administrative Region

Phase I of the residential plot of Wong Chuk Hang Project is located at Wong Chuk Hang Station of the MTR South Island line in proximity to Ocean Park and Aberdeen Marina Club, just two stations from Admiralty Station in the financial hub of Hong Kong. It was also the first high-end railway property development project on Hong Kong Island in almost 30 years. With a site area of 11,000 sqm and a floor area of 47,000 sqm, phase I of the project is planned to be launched in the fourth quarter of 2020.

So Kwun Wat Project, Hong Kong Special Administrative Region
Located in So Kwun Wat, Tuen Mun, New Territories and adjacent to Hong Kong Gold Coast, the Gold Coast Project is fit for developing into a relatively high-end low density residence. With a site area of 12,000 sqm and a floor area of 40,000 sqm, the project is planned to be launched in the first half of 2021.

Other Regions

RK Royal City, Luoyang
RK Royal City is located in Gaoxin District, Luoyang, mainly for residential development. With a site area of 147,000 sqm and a floor area of 392,000 sqm, the project is developed in three phases.

In 2019, sales of RK Royal City was RMB702 million, with the value and area of properties delivered of RMB692 million and 94,000 sqm, respectively. It is expected that a total area of 97,000 sqm will be delivered in 2020, of which 80,000 sqm had already been pre-sold as of 31 December 2019.

New Projects

Acquired in the second half of 2019:

Yangtze River Delta Region

Xiangcheng District Project, Suzhou
In July 2019, the Group acquired a piece of land in Xiangcheng District, Suzhou for residential development through listing-for-sale and will develop the project with a competent enterprise in Mainland China. The project is located in the fully developed prime location in Huangdai Town, Xiangcheng District and adjacent to the north road of Suzhou middle ring express road. With a developed economy, convenient access, established commercial, healthcare and educational facilities, the project is fit for developing into a middle to high end residential area. The project has a site area of 79,000 sqm and a floor area of 155,000 sqm, and is planned to be launched in the second half of 2020.

RK Shanghai Style+, Shanghai (formerly known as An Ting Project)
In July 2019, the Group acquired a piece of land in Jiading District, Shanghai for residential development through listing-for-sale and will develop the project with a competent enterprise in Mainland China. The project is located in the prime location in Anting International Automobile City business area in Jiading District, and adjacent to the Shanghai Style project. The Project is surrounded by established transport facilities, and its straight line distance from Changji East Road Station of Shanghai Metro Line 11 is merely 500m. With established commercial, healthcare and educational facilities, the project is fit to develop into a middle to high end residential community. The project has a site area of 36,000 sqm and a floor area of 61,000 sqm, and is planned to be launched in the first half of 2020.

RK Hangzhou Style, Hangzhou (formerly known as Yuhang District Project)
In July 2019, the Group acquired a piece of land in Yuhang District, Hangzhou for residential development through listing-for-sale. The project is located in the prime location of Qiaosi street in Yuhang district with convenient access and its straight line distance from Qiaosi Station of Hangzhou Metro Line 1 is approximately 700m. Surrounded by established commercial, medical and educational facilities, the project is fit for developing into a middle end residential community. The project has a site area of 9,000 sqm and a floor area of 12,000 sqm, and is planned to be launched in the first half of 2020.

Time Boutique, Wuxi
In September 2019, the Group acquired a piece of land in Xinwu District, Wuxi for residential development through listing-for-sale and will develop the project with a competent enterprise in Mainland China. The project is located in the Hongshan area of Xinwu District, about 3 kilometers away from the Mei Du Mansion Project. With convenient transportation, it is adjacent to Ruijin Hospital and has great development potential in the future. The project has a site area of 77,000 sqm and a floor area of 151,000 sqm, and is planned to be launched in the first half of 2020.

Shan Yu Juan Fu, Nanjing
In October 2019, the Group acquired a piece of land in Qixia District, Nanjing for residential development through cooperation. The project is located on the west side of Gongnong Road, Qixia Street, Qixia District, adjacent to Qixia Mountain Scenic Area. It is rich in human and natural landscape resources and belongs to the cultural tourism industry area that the government has focused on building. It is fit for developing into a high-quality low-density residential area. The project has a site area of 39,000 sqm and a floor area of 69,000 sqm, and is planned to be launched in the second half of 2020.

Chongxian C4 Project, Hangzhou
In October 2019, the Group acquired a piece of land in Yuhang District, Hangzhou for residential development through listing-for-sale and will develop the project with a competent enterprise in Mainland China. The project is located in Chongxian Street, Yuhang District, near the Jiangnan Courtyard. With established commercial, school and healthcare facilities and a strong living atmosphere, the project is fit for developing into a cost-effective residential project. The project has a site area of 36,000 sqm and a floor area of 75,000 sqm, and is planned to be launched in the second half of 2020.

Chongxian C5 Project, Hangzhou
In October 2019, the Group acquired a piece of land in Yuhang District, Hangzhou for residential development through listing-for-sale. The project is located in Chongxian Street, Yuhang District, near the Jiangnan Courtyard and close to Chongxian C4 Project. With established commercial, school and healthcare facilities and a strong living atmosphere, the project is fit for developing into a cost-effective residential project. The project has a site area of 49,000 sqm and a floor area of 100,000 sqm, and is planned to be launched in the second half of 2020.

Waigang Project, Shanghai
In December 2019, the Group, in cooperation with its partner, acquired a piece of land in Jiading District, Shanghai for residential development through listing-for-sale. The project is located in Waigang Town, Jiading District, across the road from the Shanghai Villa Project. With the beautiful scenery and surrounded by water systems on the west and south sides, the land is fit for developing into a high-quality project. The project has a site area of 46,000 sqm and a floor area of 64,000 sqm, and is planned to be launched in the second half of 2020.

Bohai Rim Region

Guan Project Phase II, Langfang
In August 2019, the Group, in cooperation with its partner, acquired a piece of land in Guan County, Langfang for residential development through listing-for-sale. The project is located in Guan Hot Spring Leisure Business Industrial Park, close to Guan Project and Hot Spring Hotel, and about 30 kilometers from Beijing Daxing International Airport. With the Daguang Expressway, the Beijing-Taipei Expressway, the Beijing-Kowloon Railway, and the Beijing-Xiongan Intercity Railway, it is connected to Beijing and the Xiongan New District. It has convenient transportation, and the reputation of "China's Hot Spring Town", fit for the development of livable residences. The project has a site area of 13,000 sqm and a floor area of 18,000 sqm, and is planned to be launched in the second half of 2020.

Other Regions

Economic Development Zone Project, Zhengzhou
In November 2019, the Group acquired a piece of land in Economic and Technological Development Zone, Zhengzhou for residential development through listing-for-sale and will develop the project with a competent enterprise in Mainland China. The project is located in the international smart logistics park group of Zhengzhou National Economic and Technological Development Zone. The group is the first stop for the southeast development of the city, with convenient transportation and complete municipal facilities, which is fit for developing into high-quality residential products. The project has a site area of 24,000 sqm and a floor area of 82,000 sqm, and is planned to be launched in the second half of 2020.

Acquired in 2020 and up to the date of this report:

Wujin District Project, Changzhou
In March 2020, the Group acquired a piece of land in Wujin District, Changzhou for residential development through listing-for-sale. The project is located in Hutang Town, Wujin District, which is in the prime location in Wujin main city area. Equipped with comprehensive facilities, convenient access and surrounded by two commercial circles with established healthcare and educational facilities nearby, the project is planned to be developed as a high quality and low density residence. The project has a site area and a floor area of 40,000 sqm and 59,000 sqm respectively, and is planned to be launched in the second half of 2020.

(ii) TOLL ROAD SEGMENT

In 2019, with the slowdown of global economic growth and increase in external uncertainties, the Chinese economy continued to remain within an appropriate range and achieved generally stable growth while making further progress. The real disposable income per capita (deducting the price factor) in the PRC remained at a reasonable level and recorded a year-on-year growth of 5.8%, and in line with the economic growth. As the PRC government continues to implement supply-side structural reform policy, the economic structural adjustment and optimization enhanced the economic reform and opening-up, it is expected that the economy will continue to grow healthily. The rising household income will lead to an increase in transportation demand, including the demand for expressways. The expressways of the Group are well-located and the economic benefits will further uplift. Affected by the COVID-19 pandemic, domestic and foreign economic growth is expected to slow down in the short term. Since 17 February 2020, the PRC government has implemented a toll-free policy for all toll roads in response to the prevention and control of COVID-19 pandemic until a date to be announced after the work for prevention and control of the pandemic ends, which is expected to have an adverse impact on the performance of the Group's toll road business in 2020.

In December 2019, the Group acquired 40% equity interest in each of the two expressways in Indonesia, i.e. SN and NKK at a consideration of approximately HK$1.2 billion (excluding contingent compensation and additional financing in the announcement dated 30 September 2019), making a major breakthrough in overseas expressway project investment. It is expected that on this basis, the Group will continue to identify and invest in expressway projects with ideal returns in Mainland China and the countries along the Belt and Road, thereby laying a good foundation for the Group's mid-term and long-term development.

Financial Review

In 2019, the Group received cash distribution of HK$689 million from the expressway joint ventures, including the repayment of shareholders' loans. The Group's share of operating profits of toll road joint ventures (net of income tax and withholding tax) increased from HK$632 million in 2018 to HK$685 million in 2019, representing an increase of 8% comparing to the corresponding period of last year, mainly attributable to the increase in traffic volume and toll revenue of Longcheng Expressway and strict cost control for each project.

Analysis of toll revenue and expenses of the expressways projects attributable to the Group:

	2019 RMB'million	2018 RMB'million	**Increase/ (Decrease) %**
Share of toll revenue (net of business and related taxes)	**1,375**	1,336	**3**
Share of expenses (excluding amortisation and taxation)	**327**	350	**(7)**

The traffic volume and toll revenue of the expressway projects in Mainland China are as follows:

Projects	Average Daily Traffic	Increase/ (Decrease)	Toll Revenue	Increase/ (Decrease)
	Vehicles	%	RMB'million	%
Baojin Expressway	75,928	(1)	910	(5)
Tangjin Expressway	57,609	(6)	761	4
Changyi Expressway	74,319	2	716	1
Longcheng Expressway	23,328	10	500	21
Machao Expressway	28,772	8	275	4
Total (2019)	259,956	–	3,162	3
Total (2018)	258,900		3,079	

Note: Since the acquisition of SN and NKK Expressways in Indonesia was completed on 18 December 2019 and their profit and loss contributions and operating data had no significant impact on the Group's performance during the year ended 31 December 2019, they are not presented in the above analysis report. For the year of 2019 (including period prior to the Group's acquisition), the average daily traffic volume of SN Expressway and NKK Expressway were approximately 15,600 vehicles and 14,583 vehicles respectively; their toll revenue were RMB273 million and RMB247 million respectively.

In 2019, the total traffic volume of the Group's expressway projects in Mainland China reached 95 million vehicles, with an average daily traffic volume of 259,956 vehicles; the toll revenue reached RMB3,162 million, representing an increase of 3% as compared with 2018.

Overview of Projects

Baojin Expressway

In 2019, the traffic volume and toll revenue of Baojin Expressway decreased by 1% and 5% respectively as compared with last year, which are mainly attributable to the diversion of traffic volume from Baojin Expressway Project due to the opening of Mizhuo Expressway and Laiqu Expressway; the completion of expansion and the opening of the ShiHuang Expressway, resulting in the decrease in the traffic detoured to Baojin Expressway earlier due to construction; Shanxi Province's prohibition of transportation of coal into ports by automobiles, and Beijing-Tianjin-Hebei's air pollution control, which affected industrial production and reduced freight volume; partially offset by the increase in traffic volume brought by the construction of Xiongan New Area.

Tangjin Expressway

In 2019, the traffic volume and toll revenue of Tangjin Expressway decreased by 6% and increased by 4% respectively as compared with last year. The decrease in traffic volume was attributable to the diversion of traffic volume from the project due to the opening of TangLang Expressway, the closure of Tangshan East Railway Station due to the expansion of local roads, the traffic control of overloaded trucks, the decrease in freight cars passing by Tangjin Expressway due to Beijing-Tianjin-Hebei's air pollution control, and other unfavorable factors. The increase in revenue in the case of declining traffic is mainly due to additional revenue brought by the new toll rates adopted.

Changyi Expressway

Changyi Expressway recorded an increase of 2% and 1% in traffic volume and toll revenue respectively in 2019, mainly attributable to the traffic volume of the project during the peak period, which was close to the maximum capacity, and the implementation of relevant traffic control measures in the district, affecting revenue growth. In addition, due to the newly opened intercity expressway in the nearby area, part of the traffic volume was diverted from the project, which partially offset the increase.

Longcheng Expressway

In 2019, the traffic volume and toll revenue of Longcheng Expressway increased by 10% and 21% respectively as compared with last year. It was benefited from the diversion of vehicles to Longcheng Expressway due to the closure and renovation works of Jinci Viaduct of Beijing-Kunming Expressway and TaiChang Expressway (Taiyuan section), which led to the significant increase in traffic volume and toll revenue.

Machao Expressway

In 2019, the traffic volume and toll revenue of Machao Expressway increased by 8% and 4% respectively as compared with last year, mainly attributable to the continuous growth of vehicle ownership and the sustained rapid development of the economy in the Yangtze River Delta, thus driving the increase in the traffic volume and toll revenue of the project. However, subject to the expansion and construction of the expressway connecting this project, the growth of traffic volume and revenue was lower than expected.

New Projects

Acquired in the second half of 2019:

SN Expressway

SN Expressway is part of a network of toll expressways across Java that connects eastern and central Java, Indonesia. The total length of the toll road is about 91 kilometers. The concession period of the toll road is a total of 40 years until 2056. The toll road has been completed and has been in operation since April 2018.

NKK Expressway

NKK Expressway is also part of a network of toll expressways across Java that connects eastern and central Java, Indonesia. The concession period of the toll road is a total of 50 years until 2066. The total length of Ngawi Kertosono Kediri Expressway is 115 kilometers, while the length of the section from Ngawi to Kertosono is 87 kilometers. This section has been completed and has been in operation since April 2018. The length of the remaining section not yet been constructed, i.e. the planned section from Kertosono to Kediri, is 28 kilometers.

(iii) INVESTMENT AND ASSET MANAGEMENT SEGMENT

The Group continued to consolidate the investment and asset management businesses during 2019, including our property fund, cultural, tourist and commercial, entertainment, content development and supply businesses. During 2019, the projects of investment and asset management segment (including joint venture and associate projects) achieved property sales of RMB2,803 million.

Overview of Major Businesses

Property Fund Business

The scale of fund assets under the management of the investment and asset management segment was about RMB8 billion by the end of 2019. The business development of our property fund business was hugely affected in the second half of 2019, after the implementation of Document 23 issued by China Banking and Insurance Regulatory Commission. We expect the business development will resume in 2020 as both the investors and the financial institutions get used to the new requirements.

Cultural, Tourist and Commercial Business

The projects of cultural, tourist and commercial projects achieved property sales of RMB389 million in 2019, including the contracted sales of RMB342 million and outstanding subscribed sales of RMB47 million. Meili Ancient Town in Wuxi is almost completed. However, due to the delay in delivery of the municipal facilities as well as the outbreak of COVID-19 pandemic, the launching date has been delayed to the second quarter of 2020. We have successfully acquired the land of first phase of RK Slow City (Central China) in Zhengzhou in December 2019, and contributed a land reserve of 250,000 sqm to the Group. We plan to launch the sales of the residential portion by late 2020.

Entertainment and Content Development Business

The Group continues to expand its entertainment and content development business in 2019, the accumulated contracted sum exceeded RMB100million. The fund raising of entertainment and content development business has completed in August 2019, and the total fund raised was US$50 million.

Property Development Business

The property development projects of investment and asset management segment (including joint venture and associate projects) achieved property sales of RMB2,414 million in 2019, including contracted sales of RMB2,226 million and outstanding subscribed sales of RMB188 million.

As at 31 December 2019, the investment and asset management segment's land reserve was approximately 1,410,000 sqm, which was mainly located in Henan Province. As at 31 December 2019, total area of properties presold but yet to be delivered was 110,000 sqm.

The Group will continue to explore through property funds and cultural, tourist and commercial businesses, to increase the land reserve for residential use and locate stimulus for new opportunities and drivers for profit growth under controllable risks.

FINANCIAL REVIEW OF THE GROUP

The table below extracted major items from the consolidated statement of profit or loss of the Group for each of the two years ended 31 December 2019 and 2018.

	2019 **HK$'million**	2018 HK$'million
Revenue	**21,495**	22,365
Gross profit	**7,509**	10,064
Interest and other income, net	**495**	737
Selling and operating expenses	**(1,616)**	(1,579)
Share of results of joint ventures and associates	**1,289**	959
Finance costs	**(917)**	(684)
Profit before taxation	**6,760**	9,497
Income tax expenses	**(3,083)**	(5,798)
Profit for the year	**3,677**	3,699
Profit attributable to:		
– Owners of the Company	**3,028**	2,988
– Owners of perpetual capital securities	**372**	350
– Non-controlling interests of subsidiaries	**277**	361
	3,677	3,699

Revenue and Gross Profit

Revenue and gross profit of the Group for the year were mainly contributed by the property business. The details are contained in the subsection headed "Financial Review" under "Property Segment".

Interest and Other Income, Net

The decrease in interest and other net income was mainly attributable to the decrease in interest-bearing loans provided by the Group to joint ventures during the year, resulting in a decrease in interest income by HK$281 million as compared with last year. In addition, the Group invested in an enterprise engaged in co-working space, and the fair value of its corresponding investment dropped by approximately HK$120 million during the year. However, due to the narrowing of depreciation of RMB and the increase in the fair value of foreign currency forward contracts during the year, the Group recorded net exchange gains of approximately HK$24 million in 2019 (2018: net exchange losses of approximately HK$213 million), offsetting the decrease in the fair value of certain investments and interest income.

Selling and Operating Expenses

The increase in expenses during the year was mainly due to the increase in related professional expenses in relation to the Group's acquisition of two Indonesian expressways during the year, and the up-front expenses of new property development projects, which increased the operating expenses accordingly.

Share of Results of Joint Ventures and Associates

This represented mainly share of results of the infrastructure joint ventures of HK$716 million and share of results of property joint ventures and associates of HK$573 million of the Group during the year. The details are contained in the analysis of each business segment. In addition to slight growth in toll road business, the increase in profit was also attributable to the completion and delivery of the property joint venture and associate projects in Zhengzhou, Suzhou and Liyang during the year, which contributed profit to the Group.

Finance Costs

The increase in financial costs was mainly attributable to the Group's issuance of three offshore guaranteed senior notes in an aggregate principal of US$1,280 million and entering into various foreign currency forward contracts during the year, resulting in the increase in interest on borrowings and related finance costs.

Income Tax Expenses

Income tax expenses mainly comprise profit tax, land appreciation tax and deferred tax. The higher income tax expenses last year as compared to this year was mainly attributable to the higher profits of properties delivered in 2018 and the settlement of land appreciation tax for various property projects last year which increased the provision for land appreciation tax.

Consolidated Statement of Financial Position

The table below summarised the major items of the consolidated statement of financial position of the Group as at 31 December 2019 and 2018.

	2019 **HK$'million**	2018 HK$'million
Non-current assets		
– Investments in joint ventures and associates (including shareholders' loans)	**20,024**	20,955
– Investment properties	**3,813**	2,516
– Other non-current assets	**1,922**	1,114
	25,759	24,585
Current assets		
– Inventory of properties (including prepayment for land leases)	**41,464**	32,221
– Bank balances and cash (including pledged bank deposits)	**15,173**	11,922
– Loans to joint ventures	**3,244**	3,714
– Other current assets	**5,043**	6,510
	64,924	54,367
Non-current liabilities		
– Bank and other borrowings	**(21,822)**	(10,184)
– Other current liabilities	**(1,201)**	(923)
	(23,023)	(11,107)
Current liabilities		
– Creditors and accrued charges	**(10,400)**	(9,825)
– Loans from joint ventures and an associate	**(2,898)**	(1,247)
– Deposits from pre-sale of properties	**(8,482)**	(16,288)
– Bank and other borrowings	**(8,319)**	(10,461)
– Other current liabilities	**(8,997)**	(5,256)
	(39,096)	(43,077)
Total equity (including perpetual capital securities)	**28,564**	24,768

Investments in Joint Ventures and Associates (including Shareholders' Loans)

It mainly represented the Group's interests in toll road joint ventures of HK$4,331 million (2018: HK$3,226 million) and interests in property joint ventures and associates of HK$18,937 million (2018: HK$21,443 million), including shareholders' loans to the joint ventures.

During the year, the Group acquired 40% equity interest in each of the two expressways in Indonesia, SN and NKK, and the interests in toll road joint ventures have increased significantly. In the same year, the Group acquired 40% equity interest in two Shanghai joint ventures from its partner and such joint ventures became wholly-owned subsidiaries of the Group. The interests included in the interests in property joint ventures and associates have therefore declined, and the increase in interests in toll road joint ventures have been offset. The details on new land parcels acquired through joint ventures are contained in the subsections headed "Land Reserves" and "New Projects" under "Property Segment".

The Group entered into the undertaking agreement with an independent third party in 2017, pursuant to which, the Group undertakes for a prompt settlement of 50% of outstanding debts incurred by the property development joint venture, in which the Group held 50% equity interest. As at 31 December 2019, the carrying amount of the liabilities undertaken by the Group amounted to approximately HK$2,729 million (2018: HK$2,716 million). Save for this liability undertaking, details of other guarantees given by the Group to joint ventures were set out in the subsection headed "Contingent Liabilities" under "Financial Review".

Investment Properties

This comprises the carrying value of investment properties with the details are set out in note 17 of the consolidated financial statements. The increase in balance was attributable to the addition of newly completed commercial properties in Beijing and Ningbo. As of 31 December 2019, the total floor area of the investment properties of the Group (including joint venture projects) was around 305,000 sqm.

Inventory of Properties (including Prepayment for Land Leases)

The increase in inventory of properties was mainly due to the increase in the amount of inventory of properties arising from the Group's acquisition of the remaining 40% equity interest in Shanghai projects, which was then accounted for as consolidated subsidiaries after such acquisition, from its partner. In addition, in 2019, the Group paid the land premiums for a number of newly acquired projects, so the balance of inventory of properties increased.

Bank Balances and Cash (including Pledged Bank Deposits)

The increase in the bank balances and cash was mainly attributable to the Group's issuance of three offshore guaranteed senior notes in an aggregate principal of US$1,280 million and one perpetual capital securities of US$300 million to provide financial support for the development of the Group's business.

Deposits from Pre-sale of Properties

The decrease in deposits from pre-sale of properties was mainly due to the adjustment of pre-sale property portfolio with the increase in joint venture projects and decrease in wholly-owned projects among the Group's pre-sale of properties in 2019 as compared with last year. As at 31 December 2019, the total area of properties (including joint venture and associate projects) pre-sold but yet to be delivered was approximately 1,790,000 sqm.

Bank and Other Borrowings

Bank and other borrowings mainly represented offshore guaranteed senior notes, syndicated loans, domestic bonds and project development loans of the Group.

Details of the Group's loan profile are set out as follows:

	At 31 December 2019 HK$'million	2018 HK$'million
Repayable:		
On demand	**700**	1,454
Within one year	**7,619**	9,007
After one year but within two years	**12,479**	1,991
After two years but within five years	**9,147**	7,978
More than five years	**196**	215
Total Loans	**30,141**	20,645

Source of Loans

	2019	2018
Short-term loans	**28%**	51%
Long-term loans	**72%**	49%
Total	**100%**	100%

Currency Profile of Loans

	2019	2018
HKD	**10%**	7%
RMB	**37%**	45%
USD	**53%**	48%
Total	**100%**	100%

Interest Rates Basis

	2019	2018
Floating rate	**33%**	40%
Fixed rate	**67%**	60%
Total	**100%**	100%

Nature of Debts

	2019	2018
Unsecured loans	**67%**	69%
Secured loans	**33%**	31%
Total	**100%**	100%

Type of Loans

	2019	2018
Guaranteed senior notes*	**47%**	36%
Other offshore loans	**17%**	19%
	64%	55%
Domestic bonds	**5%**	8%
Other onshore loans	**31%**	37%
	36%	45%
Total	**100%**	100%

* Excluding perpetual capital securities (classified as equity)

By the end of 2019, certain of the Group's loans were on a fixed rate basis, which included, among the others, the following notes:

(a) US$500 million 4.7% guaranteed senior notes;

(b) US$400 million 7.75% guaranteed senior notes (issued in January 2019);

(c) US$400 million 7.875% guaranteed senior notes (issued in February 2019);

(d) RMB1,500 million 7% domestic bonds (refinanced in September 2019); and

(e) US$480 million 6.7% guaranteed senior notes (issued in September 2019).

Apart from the above loans, the Group also issued the following three senior guaranteed perpetual capital securities:

(a) US$300 million 7.95% senior guaranteed perpetual capital securities;

(b) US$300 million 7% senior guaranteed perpetual capital securities; and

(c) US$300 million 7.75% senior guaranteed fixed-spread perpetual capital securities (issued in November 2019).

As at 31 December 2019, the net gearing ratio and the net capitalisation ratio of the Group were 52% and 34% respectively. Net gearing ratio represents the difference between the Group's total interest bearing borrowings (excluding loans from non-controlling interests of subsidiaries) and the bank balances and cash (including pledged bank deposits) ("Net Debt") to the total equity. The net capitalisation ratio represents the Net Debt to the sum of Net Debt and total equity.

In March 2020, the Group further issued US$300 million 5.9% guaranteed senior notes to support the Group's business development.

Consolidated Statement of Cash Flows

The table below summarised the major items of the consolidated statement of cash flows of the Group for the years ended 31 December 2019 and 2018.

	2019 **HK$'million**	2018 HK$'million
Payment for land leases	**(11,161)**	(7,089)
Net cash (used in) from operating activities, other than payment for land leases	**(1,950)**	10,128
Net cash from investing activities, other than payment for land leases	**3,661**	588
Net cash from (used in) financing activities	**12,312**	(563)
Effect of change in exchange rates	**(296)**	(317)
Cash and cash equivalents at 1 January	**10,673**	7,926
Cash and cash equivalents at 31 December	**13,239**	10,673

Payment for Land Leases (including Payments Through Joint Ventures Arrangement)

Since 2017, more new projects are jointly developed with the Group's business partners. The details on new land parcels acquired through joint ventures are contained in the subsections headed "Land Reserves" and "New Projects" under "Property Segment". During the year, the payments of land premiums were mainly for projects newly acquired in Beijing, Suzhou, Shanghai, Changzhou, Hangzhou, Zhengzhou, Wuxi and Nanjing.

Net Cash (used in) from Operating Activities, other than Payment for Land Leases

The sharp decrease in net cash from operating activities comparing to last year was mainly caused by the adjustment on pre-sale property portfolio, resulting in the sharp increase in pre-sale and sale of joint venture properties during the year and the corresponding decrease in cash proceeds from the pre-sale and sale of properties of the Group's wholly owned projects.

Net Cash from Investing Activities, other than Payments for Land Leases

The increase in net cash from investing activities as compared with last year was mainly due to the increase in net cash arising from the acquisition of subsidiaries and the repayment of shareholders' loans in property joint venture projects.

Net Cash from (used in) Financing Activities

The increase in net cash from financing activities was attributable to the increase in cash flow due to the Group's issuance of three offshore senior guaranteed senior notes in an aggregate principal of US$1,280 million and one perpetual capital securities of US$300 million for repayment of existing debts and business development, thus increasing the Group's cash flows.

Liquidity and Financial Resources

As at 31 December 2019, the equity attributable to owners of the Company was HK$18,866 million (2018: HK$17,398 million). Net assets per share attributable to owners of the Company was HK$25.18 (2018: HK$23.22).

As at 31 December 2019, the Group's total assets were HK$90,683 million (2018: HK$78,952 million) and bank balances and cash were HK$14,451 million (2018: HK$11,793 million), of which about 70% was denominated in Renminbi and the remaining 30% was mainly denominated in US dollars or HK dollars.

During the year, the Group drew down various domestic and overseas bonds, offshore bank loans and project development loans in Hong Kong and Mainland China in an aggregate amount equivalent to HK$22,688 million. The drawdown of new loans was offset by repayment of certain bank loans.

The Group continues to adopt prudent financing and treasury policies. The entire Group's financing and treasury activities are centrally managed and controlled. Implementation of the Group's related policies is made under collective and extensive considerations on liquidity risk, financing costs and exchange rate risk. Going forward, the Group will continue to maintain healthy treasury strategy and explore and broaden financing channels, so as to manage financing costs and enhance cash flows of the Group.

Charges on Assets

As at 31 December 2019, bank balances of HK$722 million (2018: HK$129 million) were pledged as security in favour of banks for certain mortgage facilities granted to customers of the Group's property projects and short-term credit facilities granted to the Group. In addition to these charged bank deposits, properties with carrying value of HK$8,548 million (2018: HK$3,909 million) were pledged as securities for certain loan facilities.

Exposure on Foreign Exchange Fluctuations and Interest Rates

The Group's borrowings are mainly denominated in Renminbi and US dollar but the cash flow is mainly generated from projects whose earnings are denominated in Renminbi. As a result, the Group is exposed to the foreign exchange risk on the fluctuation of Renminbi and US dollar. For minimising the impacts arisen from fluctuation of exchange rate between US dollar and Renminbi on the Group, the Group has entered into range forward swap contracts for parts of offshore US dollar debts. The Group will pay close attention to the impact of changes in Sino-US trade relations on exchange rate fluctuations, and will expand foreign currency forward contracts to hedge the foreign exchange risks, when appropriate.

The Group's exposure to interest rate risk is mainly from fluctuation in interest rates relating to its borrowings denominated in Renminbi and US dollar. Although the monetary policies implemented by Mainland China and the US governments continue to have a major impact on the Group's results and operation, the Directors consider that the interest rate fluctuation caused by the fluidity and instability of the global economy and financial systems also has an impact on the operation of the Group. As the Group has issued a USD senior guaranteed fixed-spread perpetual capital securities in late 2019, for minimizing the impacts arisen from the fluctuation of the USD interest rate, the Group has entered into interest rate swap contracts for the securities.

Save for the aforesaid, the Group has no significant exposure to foreign exchange risk and interest rate risk. The Group will continue to closely monitor the above risks and may arrange hedging against the risks exposed as and when necessary and appropriate.

Contingent Liabilities

As at 31 December 2019, the Group had provided guarantees of HK$7,977 million (2018: HK$8,616 million) to banks in respect of the mortgage loans of the purchasers of the Group's properties. The guarantees would be released after the purchasers have pledged their property ownership certificates as securities to the banks for the mortgage loans granted.

In addition, the Group had provided guarantees of HK$3,002 million (2018: HK$4,449 million) for banking facilities granted to the joint ventures of the Group as at 31 December 2019.

Details of the Group's undertaking for a property joint venture were set out in the subsection headed under "Financial Review".

Employees

Excluding the staff of joint ventures and associates, the Group had 4,841 employees as at 31 December 2019 (2018: 4,158 employees). Expenditure on staff (excluding Directors' emoluments and share-based payment) amounted to HK$1,138 million (2018: HK$1,048 million). Employees are remunerated according to their performance and contribution. Other employee benefits include provident fund, insurance, medical cover and training programs, as well as share option scheme. During the year, no share option was granted.

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Zen Wei Pao, William
(aged 72, Co-Chairman)

Mr. Zen has been re-designated as a Co-Chairman of the Company since May 2017. He is the Chairman of the Nomination Committee and a member of the Remuneration Committee of the Company. He is also the Chairman of Wai Kee Holdings Limited (HK stock code: 610), the controlling shareholder of the Company. Mr. Zen holds a Bachelor of Science degree and a Master of Business Administration degree. He is a member of both The Hong Kong Institution of Engineers and The Institute of Quarrying, the United Kingdom. He has extensive experience in civil engineering, construction material, infrastructure and property development in Hong Kong, Taiwan and the PRC. He is the brother of Mr. Zen Wei Peu, Derek and the father of Mr. Zen Chung Hei, Hayley.

Mr. Zen Wei Peu, Derek
(aged 67, Co-Chairman)

Mr. Zen has been appointed as a Co-Chairman of the Company since May 2017. He is a member of the Remuneration Committee of the Company. He is also the Vice Chairman and the Chief Executive Officer of Wai Kee Holdings Limited (HK stock code: 610) and the Chairman of Build King Holdings Limited (HK stock code: 240). He is a Director of Emmaus Life Sciences, Inc., whose shares are traded on the OTC Market. He holds a Bachelor of Science degree in Engineering and a Master of Business Administration degree. He is a Chartered Engineer, a member of the Institution of Civil Engineers, the United Kingdom and a fellow of The Institute of Quarrying, the United Kingdom. Mr. Zen has over 40 years of experience in civil engineering industry. He is the brother of Mr. Zen Wei Pao, William and the uncle of Mr. Zen Chung Hei, Hayley.

Mr. Ko Yuk Bing
(aged 64, Deputy Chairman, Managing Director and Chief Executive Officer)

Mr. Ko joined the Company in 1995. He holds a Master of Science degree in Engineering. He is a Chartered Engineer and a fellow of the Institution of Civil Engineers, the United Kingdom, The Institution of Structural Engineers, the United Kingdom and The Hong Kong Institution of Engineers. Mr. Ko has extensive experience in infrastructure and property development in Hong Kong and the PRC, and has over 30 years of experience in business development and operation in the PRC. He is the spouse of Ms. Chuk Wing Suet, Josephine.

Mr. Fong Shiu Leung, Keter
(aged 57, Finance Director)

Mr. Fong has been appointed as an Executive Director of the Company since July 2000. He holds a Bachelor of Arts degree in Accountancy. He is a Certified Practising Accountant in Australia and a fellow of the Hong Kong Institute of Certified Public Accountants. He has over 35 years of experience in auditing, accounting and business advisory profession. Prior to joining the Company, he was an audit principal of an international accounting firm.

NON-EXECUTIVE DIRECTORS

Mr. Mou Yong
(aged 57)

Mr. Mou has been appointed as a Non-executive Director of the Company since December 2015. He is an Executive Director of Shenzhen Investment Limited (HK stock code: 604) and a Director of Shum Yip Holdings Company Limited. He served as a Director of 深業集團有限公司 and held the positions of the head of Enterprise Leadership Personnel Management and the chief of General Office at The Shenzhen Municipal People's Government State-owned Assets Supervision and Administration Commission. Mr. Mou graduated from Shaanxi University of Technology with a major in Chinese Language and Literature and holds an advanced Master of Business Administration degree from Peking University. He is a lawyer of The People's Republic of China and an arbitrator of The Shenzhen Arbitration Commission. Mr. Mou has extensive experience in corporate governance and administrative management.

Mr. Dong Fang
(aged 47)

Mr. Dong has been appointed as a Non-executive Director of the Company since December 2015. He is the Vice President of Shenzhen Investment Limited (HK stock code: 604). He is also the Vice President of 深業集團有限公司 and Shum Yip Holdings Company Limited. He is a Director of Shahe Industrial Co., Ltd. (Shenzhen stock code: SZ000014). Mr. Dong served as a general manager of the real estate department and investment department in Shenzhen Investment Limited, and a deputy general manager of 惠州廣河高速公路有限公司. He also worked in the Transport Commission of Shenzhen Municipality. Mr. Dong graduated from Hunan University and holds a Master degree and a senior engineer qualification. He has extensive experience in corporate management, property investment and operation management.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lau Sai Yung
(aged 72)

Mr. Lau has been appointed as an Independent Non-executive Director of the Company since August 2004. He is the Chairman of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee of the Company. He is the sole-proprietor of Lau SY & Co., Certified Public Accountants, the Executive Chairman of Union Alpha CPA Limited, the Managing Director of Union Alpha CAAP Certified Public Accountants Limited, an Honorary Fellow of The Chinese University of Hong Kong, an Affiliated Fellow cum Overseer of Wu Yee Sun College, The Chinese University of Hong Kong and a Trustee of Chung Chi College, The Chinese University of Hong Kong. He also holds honorary positions in various schools, charitable and non-profit-making organisations. He was a Non-executive Director of Xinjiang Tianshan Wool Textile Co., Ltd. (currently known as Dezhan Healthcare Company Limited) (Shenzhen stock code: SZ000813). He holds a Bachelor degree in Business Administration from The Chinese University of Hong Kong. He is a Certified Public Accountant (Practising), a fellow of the Association of Chartered Certified Accountants of the United Kingdom, the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in England and Wales and The Society of Chinese Accountants and Auditors, Hong Kong, an associate member of The Taxation Institute of Hong Kong, The Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators of the United Kingdom, and Certified Tax Adviser. Mr. Lau has over 45 years of experience in the profession of accounting.

Mr. Tse Chee On, Raymond (former name, Tse Chi On)
(aged 69)

Mr. Tse has been appointed as an Independent Non-executive Director of the Company since October 2012. He is the Chairman of the Remuneration Committee and a member of the Audit Committee of the Company. From 1989 to 1997, he was the Managing Director of Wheelock and Company Limited (HK stock code: 20), the Chairman and Managing Director of Wheelock Properties Limited, a Director of New Asia Realty & Trust Company, Limited and Realty Development Corporation Limited. Mr. Tse holds a Bachelor degree in Business Administration from the University of Montreal, Canada. He has over 35 years of experience in property development and investment, architectural planning and design consulting, property business consulting, international brand licensing and commercial property business in Hong Kong and the PRC.

Mr. Wong Wai Ho
(aged 70)

Mr. Wong has been appointed as an Independent Non-executive Director of the Company since May 2014. He is a member of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company. He is an Independent Non-executive Director of Hang Chi Holdings Limited (HK stock code: 8405). He was a consultant of Jumbo Land Resources Limited. Moreover, Mr. Wong was appointed by Jardine Fleming responsible for the management of the world's first ever direct investment focusing on finding investment opportunities in the Greater China region and was appointed by Kleinwort Benson and Advent International Corporation as a director and a managing director respectively. Prior to that, he worked for the Hong Kong Trade Development Council responsible for the promotion of Hong Kong's external trade for 13 years. Mr. Wong has been involved in the public services; he was a member of the Board of Trustees of Chung Chi College, The Chinese University of Hong Kong and a member of The Chinese History and Culture Educational Foundation for Youth. In the Expo 2010 Shanghai, Mr. Wong was appointed as the deputy pavilion director of the World Trade Centers Association Pavilion. Mr. Wong holds a Bachelor degree in Business Administration (major in accounting) from The Chinese University of Hong Kong and a Master in Law degree from the People's University of China (also known as Renmin University of China). He has extensive experience in trade promotion, fund investment and investment consultancy.

SENIOR MANAGEMENT

Ms. Chuk Wing Suet, Josephine
(aged 48)

Ms. Chuk, joined the Group in 1994, is a Deputy Chief Operating Officer of the Group and a Director of RK Properties Holdings Limited, and responsible for the property development projects in Shanghai, Jiangsu and Zhejiang. She holds a Bachelor of Social Science degree and a Master of Business Administration degree. Ms. Chuk has over 26 years of experience in business investment, operation, development and promotion in Hong Kong and the PRC. She is the spouse of Mr. Ko Yuk Bing.

Mr. Zen Chung Hei, Hayley
(aged 45)

Mr. Zen, joined the Group in 2006, is the Executive Director of the Investment and Asset Management Division. He holds a Bachelor of Commerce degree in Accounting, a Bachelor of Science degree in Computer Science and a Master of Business Administration degree. He is a member of both the Hong Kong Institute of Certified Public Accountants and the Chartered Accountants Australia and New Zealand. Mr. Zen has 24 years of experience in finance, accounting, business investment and development in the United States, Hong Kong and the PRC. He is the son of Mr. Zen Wei Pao, William and the nephew of Mr. Zen Wei Peu, Derek.

Mr. Zhang Nan
(aged 47)

Mr. Zhang, joined the Group in 2007, is the regional Director of the property development projects in Suzhou, Wuxi and Zhenjiang. He holds a Bachelor of Engineering Management degree and an Executive Master of Business Administration degree, and is a Registered Costing Engineer in the PRC. Mr. Zhang has over 24 years of experience in property development and management in the PRC.

Ms. Diao Lu, Amy
(aged 45)

Ms. Diao, joined the Group in 2007, is the regional Director of the property development projects in pan-Beijing and Shandong, and oversees the corporate communication function of the Group. She holds a Bachelor of International Finance degree and an Executive Master of Business Administration degree. Ms. Diao has substantial years of experience in managerial positions in property development companies as well as Fortune 500 multi-national companies, in particular, in the area of human resources and corporate communication and public affairs.

Mr. Chu Kwok Kit
(aged 59)

Mr. Chu, joined the Group in 2018, is the regional Director overseeing the Hong Kong property development projects. He holds a Bachelor of Arts in Architectural Studies degree and a Bachelor of Architecture degree. He is an Authorized Person (List of Architect), a Registered Architect in Hong Kong and a member of The Hong Kong Institute of Architects. He has over 33 years of experience in property development industry. Prior to joining the Group, Mr. Chu worked in a well-known property development company for 26 years.

Mr. Ho Ting Fung, Albert
(aged 66)

Mr. Ho, joined the Group in 2011, is the Senior Vice President of the Group overseeing the product design function. He holds a Bachelor of Architecture degree and a Bachelor of Arts in Architectural Studies degree. He is an Authorised Person (List of Architect), a Registered Architect in Hong Kong and a fellow of The Hong Kong Institute of Architects. He has over 40 years of experience in the property development industry including experience in managerial positions. Prior to joining the Group, Mr. Ho worked in a renowned international architectural firm for 14 years and then in well-known property development companies for 17 years.

Mr. Zhao Min
(aged 50)

Mr. Zhao, joined the Group in 2011, is the regional Director of the property development projects in Tianjin. He holds a Bachelor degree in Industrial and Civil Engineering and is a Registered Engineer in the PRC. He has 28 years of engineering and project management experience in the PRC and Singapore. Prior to joining the Group, Mr. Zhao worked for several renowned property developers.

Mr. Tan Qi
(aged 52)

Mr. Tan, joined the Group in 2010, is the regional Director of the property development projects in Guangzhou, Zhengzhou, Luoyang and Shenzhen. He holds a Bachelor degree in Civil Engineering and a Master degree of Management, and is a senior engineer at the professor level in the PRC and a member of The Chartered Institute of Building of the United Kingdom. Mr. Tan has 15 years of experience in property development and management in the PRC and 15 years of experience in overseas general contracting and property development.

Mr. Lee Tak Fai, Kennedy
(aged 54)

Mr. Lee, joined the Group in 2007, is the Senior Vice President of the Group responsible for the corporate finance and legal functions. He holds a Bachelor of Social Science degree and a Master of Science degree in Finance. He is a fellow of both the Association of Chartered Certified Accountants of the United Kingdom and the Hong Kong Institute of Certified Public Accountants. He has over 28 years of experience in accounting, assurance, financing and business advisory services. Prior to joining the Group, Mr. Lee worked for a number of international accounting firms and was previously the financial controller and the assistant general manager of the corporate finance department of several companies listed on the main board of the Stock Exchange.

Mr. Ng Fun Hung
(aged 47)

Mr. Ng, joined the Group in 2011, is the Senior Vice President of the Group responsible for the accounting, tax and information technology functions. He holds a Bachelor of Business Administration degree and a Master of Applied Finance degree. He is a fellow of both the Association of Chartered Certified Accountants of the United Kingdom and the Hong Kong Institute of Certified Public Accountants, a Chartered Financial Analyst of the United States, a Certified Information System Auditor of the United States and a Chartered Governance Professional of the United Kingdom. Mr. Ng has over 23 years of experience in accounting, assurance and financial management. Prior to joining the Group, Mr. Ng worked for an international accounting firm and was previously the financial controller of a listed company in Hong Kong.

Mr. Gao Da Peng
(aged 42)

Mr. Gao, joined the Group in 2007, is the Senior Vice President and the General Manager of Shanghai and Zhejiang regions. He holds an Executive Master of Business Administration degree. Mr. Gao has 20 years of experience in property development, operation and sales management in the PRC.

Mr. Fu Qi
(aged 43)

Mr. Fu, joined the Group in 2014, is the Vice President of the Group responsible for the Sales and Marketing Centre. Prior to that, Mr. Fu held important sales positions in several renowned property developers. Altogether, he has 21 years of experience in property sales management in the PRC. Mr. Fu holds a Bachelor of Civil Engineering degree from Tsinghua University and a Master of Business Administration degree from Fudan University and is a Registered Real Estate Valuer and a Registered Real Estate Agent in the PRC.

Mr. Chow Wing Nin, Willy
(aged 51)

Mr. Chow, joined the Group in 2019, is the Chief Executive Officer – Toll Road Division of the Group. He holds a Bachelor of Electrical Engineering degree and a Master of Business Administration degree. He is a Chartered Financial Analyst. Prior to joining the Group, Mr. Chow has over 25 years of extensive experience in finance and business development internationally with focus on Southeast Asia.

Mr. Zhai Xiaoyi, Andy
(aged 41)

Mr. Zhai, joined the Group in 2017, is the Chief Investment Officer – Toll Road Division of the Group. He holds a Bachelor of Accounting degree, a Master of Business Administration and a Master of Arts in International Affairs degree. He is a Chartered Financial Analyst, a Certified General Accountant of Canada and a Certified Public Accountant in the State of Delaware, the United States. Mr. Zhai has over 17 years of experience in finance and investment area.

Directors' Report

The Directors of the Company present herewith the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Group, including the joint ventures and associates, are the operation of property development, investment and asset management businesses in the PRC and Hong Kong and the investment in, development, operation and management of toll road projects in the PRC and Southeast Asia. Details of the Group's principal subsidiaries, joint ventures and associates are set out in notes 50, 19 and 18 to the consolidated financial statements respectively.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2019 are set out in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income on pages F-7 and F-8 respectively.

An interim dividend of HK$0.30 per share amounting to approximately HK$225 million was paid to the shareholders of the Company in September 2019.

The Directors of the Company recommend the payment of a final dividend of HK$0.88 per share to the shareholders of the Company whose names appear on the register of members of the Company on Friday, 29 May 2020 amounting to approximately HK$660 million subject to the approval of the shareholders of the Company at the forthcoming annual general meeting (the "AGM"). It is expected that the final dividend will be paid on or before Tuesday, 30 June 2020, if approved.

INTRODUCTION OF HYBRID AGM

In light of the recent COVID-19 pandemic, the Company will conduct a hybrid AGM with the combination of In-Room Meeting and Virtual Meeting. Hybrid Meeting means allowing shareholders of the Company to attend either in person or via an online platform allowing them to attend, submit questions, vote electronically in real time and view live streaming of the AGM.

CLOSURES OF REGISTER OF MEMBERS

To be eligible to attend and vote at the forthcoming AGM

The register of members of the Company will be closed from Tuesday, 19 May 2020 to Friday, 22 May 2020, both dates inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the forthcoming AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Monday, 18 May 2020 for registration.

To qualify for the proposed final dividend

The register of members of the Company will also be closed from Thursday, 28 May 2020 to Friday, 29 May 2020, both dates inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Wednesday, 27 May 2020 for registration.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2019 is set out in the sections headed "Financial Highlights", "Chairman's Statement", "Chief Executive Officer's Report", "Management Discussion and Analysis", "Corporate Governance Report", "Consolidated Financial Statements" and "Financial Summary" on pages 2 to 3, pages 4 to 7, pages 8 to 9, pages 12 to 55, pages 77 to 88, pages F-7 to F-127 and page F-128 respectively. Description of the principal risks and uncertainties facing the Group can be found throughout this annual report.

SHARE CAPITAL AND SHARE OPTIONS

Details of the share capital and share options of the Company during the year are set out in notes 27 and 28 to the consolidated financial statements respectively.

During the year, there was no movement in the share capital and share options of the Company.

RESERVES

Movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page F-11 of this annual report.

DISTRIBUTABLE RESERVES OF THE COMPANY

In addition to the accumulated profits, under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution to the shareholders of the Company. However, the Company cannot declare or pay a dividend, or make a distribution out of the contributed surplus, if:

(i) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) the realisable value of its assets would thereby be less than its liabilities.

The reserves of the Company which were available for distribution to the shareholders of the Company as at 31 December 2019 were approximately HK$2,943 million.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

INVESTMENT PROPERTIES AND PROPERTIES FOR SALE

Details of the movements in the investment properties of the Group during the year are set out in note 17 to the consolidated financial statements. Particulars of the investment properties and properties for sale are shown under the section headed "Major Projects Information" of "Management Discussion and Analysis".

GUARANTEED SENIOR NOTES, DOMESTIC BONDS AND SENIOR GUARANTEED PERPETUAL CAPITAL SECURITIES

RKPF Overseas 2019 (B) Limited, a wholly-owned subsidiary of the Company, issued US$400 million 7.75% guaranteed senior notes due 2021 in January 2019. The net proceeds of the issue of the notes were used for the purchase by the Company of a portion of the US$450 million 5% guaranteed senior notes due 2019 (the "2019 Notes") and/or repayment at maturity of the 2019 Notes, for the refinancing of other indebtedness and for general corporate purposes.

RKPF Overseas 2019 (A) Limited, a wholly-owned subsidiary of the Company, issued US$400 million 7.875% guaranteed senior notes due 2023 and US$480 million 6.7% guaranteed senior notes due 2024 in February and September 2019 respectively. The net proceeds of the issue of the notes were used for the repurchase or repayment at maturity of all or a portion of the then outstanding US$450 million 5% guaranteed senior notes due 2019, for the refinancing of other indebtedness, acquisition of or investment in property projects and for general corporate purposes.

北京路勁雋御房地產開發有限公司 (Beijing RK Junyu Properties Developments Ltd.*), a wholly-owned subsidiary of the Company, issued RMB1.5 billion 7% domestic bonds due 2021 in September 2019. The net proceeds of the issue of the bonds were used for refinancing the then domestic bonds due 2019 of the Group.

RKPF Overseas 2019 (E) Limited, a wholly-owned subsidiary of the Company, issued US$300 million 7.75% senior guaranteed fixed-spread perpetual capital securities in November 2019. The net proceeds of the issue of the securities were used for acquisition of or investment in property projects or general corporate purposes.

Subsequent to 31 December 2019, RKPF Overseas 2019 (A) Limited, a wholly-owned subsidiary of the Company, issued US$300 million 5.9% guaranteed senior notes due 2025 in March 2020. The net proceeds of the issue of the notes were used for acquisition of or investment in property projects or general corporate purposes.

* for identification purpose only

BANK AND OTHER BORROWINGS

Particulars of the bank and other borrowings of the Group are set out in note 29 to the consolidated financial statements.

RETIREMENT BENEFIT PLANS

Particulars of the retirement benefit plans of the Group are set out in note 38 to the consolidated financial statements.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page F-128 of this annual report.

MAJOR SUPPLIERS AND CUSTOMERS

The aggregate amount of purchases and revenue from property business attributable to the Group's five largest suppliers and customers were approximately 33% and less than 30% of the total value of the Group's purchases and revenue from property business respectively. Purchase from the Group's largest supplier amounted to approximately 15%.

Save as disclosed in the section headed "Continuing Connected Transactions", none of the Directors of the Company or any of their close associates (as defined in the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange")) or any shareholder (which, to the best knowledge of the Directors, owns more than 5% of the total number of issued shares of the Company as at the date of this report) had any interest in any of the Group's five largest suppliers.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors of the Company during the year and up to the date of this report are:

Executive Directors:

Zen Wei Pao, William *(Co-Chairman)*
Zen Wei Peu, Derek *(Co-Chairman)*
Ko Yuk Bing *(Deputy Chairman, Managing Director and Chief Executive Officer)*
Fong Shiu Leung, Keter *(Finance Director)*

Non-executive Directors:

Mou Yong
Dong Fang

Independent Non-executive Directors:

Lau Sai Yung
Tse Chee On, Raymond
Wong Wai Ho
Zhang Yongliang (resigned on 25 October 2019)

Pursuant to Bye-law 87 of the Company's Bye-laws (the "Bye-laws"), Messrs. Zen Wei Pao, William, Zen Wei Peu, Derek and Lau Sai Yung will retire from office by rotation at the forthcoming AGM and, being eligible, will offer themselves for re-election at the forthcoming AGM.

None of the Directors proposed for re-election at the forthcoming AGM has a service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Continuing Connected Transactions", there were no transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-laws, every Director and everyone of their heirs, executors and administrators, shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts.

The Company has arranged appropriate directors and officers liability insurance coverage for its Directors and officers.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year and up to the date of this report, the following Directors of the Company are considered to have interests in the business which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to Rule 8.10 of the Listing Rules:

Name of Directors	Name of entities	Description of principal activities	Nature of interest of the Directors in the entities
Zen Wei Pao, William	CMP Investment Group Limited	Property development in the PRC	Director and shareholder
Mou Yong	Shenzhen Investment Limited group of companies (including its holding companies)	Property development, investment and management in the PRC	Director
Dong Fang	Shenzhen Investment Limited group of companies (including its holding companies)	Property development, investment and management in the PRC	Director
	Shahe Industrial Co., Ltd.	Property development, investment and management in the PRC	Director

DISCLOSURE OF INTERESTS

Directors' Interests and Short Positions

As at 31 December 2019, the interests and short positions of the Directors 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 (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

(I) Shares

			Number of shares held		
Name of Directors	**Nature of interest**	**Notes**	**Long position**	**Short position**	**Percentage of holding** % (Note 3)
Zen Wei Peu, Derek	Personal	1 & 2	24,649,000	–	3.29
Fong Shiu Leung, Keter	Personal	1	260,000	–	0.03
Lau Sai Yung	Personal	1	125,000	–	0.02

Notes:

1. Long position in the shares of the Company (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).

2. Included in the balance is 1,000,000 shares of the Company held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.

3. The percentage was calculated based on 749,336,566 shares of the Company in issue as at 31 December 2019.

(II) Underlying Shares – Share Options

The share option scheme was adopted by the Company on 8 May 2013. Particulars of the share option scheme are set out in note 28 to the consolidated financial statements.

During the year ended 31 December 2019, there were no outstanding share options under the share option scheme.

(III) Debentures of Associated Corporations

Name of Directors	Name of companies	Nature of interest	Type of debentures	Principal amount held
Zen Wei Peu, Derek	RKI Overseas Finance 2017 (A) Limited	Personal	US$300 million 7% senior guaranteed perpetual capital securities	US$800,000 (note) (long position)
Wong Wai Ho	RKP Overseas Finance 2016 (A) Limited	Personal	US$300 million 7.95% senior guaranteed perpetual capital securities	US$200,000 (long position)
	RKPF Overseas 2019 (A) Limited	Personal	US$480 million 6.7% guaranteed senior notes due 2024	US$200,000 (long position)

Note:

A principal amount of US$400,000 of US$300 million 7% senior guaranteed perpetual capital securities was held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.

Save as disclosed above, none of the Directors of the Company or their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, none of the Directors of the Company or their spouses or children under 18 years of age was granted or had exercised any rights to subscribe for any securities of the Company or any of its associated corporations.

EQUITY-LINKED AGREEMENTS

Other than the share option scheme as mentioned earlier, no equity-linked agreements were entered into during the year or subsisted at the end of the year.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Other than the share option scheme as mentioned earlier, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of the shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2019, the interests or short positions of every person, other than the Directors of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of shareholders	Nature of interest	Number of shares held: Long position (Note 1)	Number of shares held: Short position	Percentage of holding % (Note 11)
Wai Kee Holdings Limited (Note 2)	Interest in controlled corporation	322,336,428	–	43.02
Wai Kee (Zens) Holding Limited (Note 3)	Interest in controlled corporation	322,336,428	–	43.02
Groove Trading Limited (Note 4)	Beneficial owner	67,608,000	–	9.02
Wai Kee China Investments (BVI) Company Limited (Note 4)	Interest in controlled corporation	251,728,428	–	33.59
Wai Kee China Investments Company Limited (Note 5)	Interest in controlled corporation	251,728,428	–	33.59
ZWP Investments Limited (Note 6)	Beneficial owner	251,728,428	–	33.59
深業集團有限公司 (Shum Yip Group Limited*) (Note 7)	Interest in controlled corporation	202,334,142	–	27.00
Shum Yip Holdings Company Limited (Note 8)	Interest in controlled corporation	202,334,142	–	27.00
Shenzhen Investment Limited (Note 9)	Interest in controlled corporation	202,334,142	–	27.00
Hover Limited (Note 10)	Beneficial owner	202,334,142	–	27.00

Notes:

1. Long position in the shares of the Company (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).

2. Wai Kee Holdings Limited is deemed to be interested in the shares of the Company through its interests in (i) its wholly-owned subsidiaries, namely Wai Kee (Zens) Holding Limited, Groove Trading Limited, Wai Kee China Investments (BVI) Company Limited, Wai Kee China Investments Company Limited, ZWP Investments Limited and Top Horizon Holdings Limited; and (ii) its subsidiaries, namely Build King Holdings Limited, Top Tactic Holdings Limited, Amazing Reward Group Limited, Build King Management Limited and Build King Civil Engineering Limited, which beneficially held 3,000,000 shares of the Company.

3. Wai Kee (Zens) Holding Limited is a direct wholly-owned subsidiary of Wai Kee Holdings Limited. Both Mr. Zen Wei Pao, William and Mr. Zen Wei Peu, Derek are directors of Wai Kee (Zens) Holding Limited.

4. Groove Trading Limited and Wai Kee China Investments (BVI) Company Limited are direct wholly-owned subsidiaries of Wai Kee (Zens) Holding Limited. Both Mr. Zen Wei Pao, William and Mr. Zen Wei Peu, Derek are directors of Groove Trading Limited and Wai Kee China Investments (BVI) Company Limited.

5. Wai Kee China Investments Company Limited is a direct wholly-owned subsidiary of Wai Kee China Investments (BVI) Company Limited. Both Mr. Zen Wei Pao, William and Mr. Zen Wei Peu, Derek are directors of Wai Kee China Investments Company Limited.

6. ZWP Investments Limited is a direct wholly-owned subsidiary of Wai Kee China Investments Company Limited. Both Mr. Zen Wei Pao, William and Mr. Zen Wei Peu, Derek are directors of ZWP Investments Limited.

7. 深業集團有限公司 (Shum Yip Group Limited*) (incorporated in the PRC) is deemed to be interested in the shares of the Company through its 100% interests in Shum Yip Holdings Company Limited (incorporated in Hong Kong).

8. Shum Yip Holdings Company Limited (incorporated in Hong Kong) is deemed to be interested in the shares of the Company through its approximately 63.66% interests in Shenzhen Investment Limited.

9. Shenzhen Investment Limited is deemed to be interested in the shares of the Company through its interests in its wholly-owned subsidiary, namely Hover Limited.

10. Hover Limited is a direct wholly-owned subsidiary of Shenzhen Investment Limited.

11. The percentage was calculated based on 749,336,566 shares of the Company in issue as at 31 December 2019.

Save as disclosed above, no other person (other than the Directors of the Company) had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

* for identification purpose only

CONNECTED TRANSACTIONS

1. On 12 July 2019, a joint venture (in which the Company and 上海國際汽車城（集團）有限公司 (Shanghai International Autocity (Group) Co., Ltd.*) ("Shanghai International Autocity") is effectively interested in 75% and 25% equity interest respectively) (the "Joint Venture") was successful in its bid for the land use right of a piece of land in Jiading District, Shanghai, the PRC for residential use through a listing for sale process. The purpose of the Joint Venture is the development of the land and upon completion of the development, sale of the properties thereon.

   Shanghai International Autocity and its associate is respectively a substantial shareholder of 上海雋安置業有限公司 (Shanghai Junan Real Estate Ltd.*) and 上海雋城置業有限公司 (Shanghai Juncheng Real Estate Ltd.*), both are the non wholly-owned subsidiaries of the Company.

   The maximum capital commitment of the Company to the Joint Venture is HK$1,450 million including the land premium for the land, the estimated development costs and the expected finance, selling and administrative costs.

2. On 27 December 2019, Greatmind Developments (HK) Limited (an indirect wholly-owned subsidiary of the Company) ("Greatmind Developments") and 上海鴻麥房地產有限公司 (Shanghai Hongmai Property Co., Ltd.*) ("Shanghai Hongmai") entered into the share transfer agreements pursuant to which Greatmind Developments acquired and Shanghai Hongmai sold 40% equity interests in each of 上海雋通置業有限公司 (Shanghai Juntong Real Estate Co., Ltd.*) ("Shanghai Juntong") and 上海雋築置業有限公司 (Shanghai Junzhu Real Estate Ltd.*) ("Shanghai Junzhu") at a consideration of approximately RMB145.79 million and of approximately RMB314.50 million respectively (the "Acquisitions").

   Upon completion of the Acquisitions, Shanghai Juntong and Shanghai Junzhu become indirect wholly-owned subsidiaries of the Company.

* for identification purpose only

CONTINUING CONNECTED TRANSACTIONS

On 24 November 2017, the Company and Build King Holdings Limited ("Build King"), a non-wholly owned subsidiary of Wai Kee Holdings Limited which is the substantial shareholder of the Company, entered into the Framework Agreement with a term of three years starting from 1 January 2018 in respect of the engagement of member(s) of Build King and its subsidiaries (the "Build King Group"), subject to successful tender, as the main contractor for the construction works of the Group's present and future property development projects in Hong Kong. The annual caps under the Framework Agreement for the three years ending 31 December 2020 are HK$650 million, HK$2,460 million and HK$2,880 million respectively. The annual caps were approved by the independent shareholders at the Company's special general meeting held on 15 December 2017.

By entering into agreements with Build King Group in 2018, the Company has engaged Build King Group as the main contractor for Crescent Green (formerly known as Yuen Long Project) main construction works and for certain construction works of Wong Chuk Hang Project respectively.

For the financial year ended 31 December 2019, the aggregate amount of the continuing connected transactions was approximately HK$975,162,000. Particulars of the transactions are set out in note 48 to the consolidated financial statements.

The Independent Non-executive Directors of the Company have reviewed the continuing connected transactions and confirmed that the transactions have been entered into:

(1) in the ordinary and usual course of business of the Group;

(2) normal commercial terms or better; and

(3) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company has engaged the auditor of the Company to report on 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 issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE GROUP

During the year, the Company purchased an aggregate principal amount of US$224,743,000 of US$450 million 5% guaranteed senior notes due 2019 (the "Notes") issued by RKI Overseas Finance 2016 (A) Limited under a tender offer, which were then cancelled in January 2019, and redeemed the remaining amount of the Notes at maturity date.

Save as disclosed above, neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the Group's listed securities during the year ended 31 December 2019.

DONATIONS

During the year, donations made by the Group were approximately HK$4.86 million.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares of the Company on a pro-rata basis to existing shareholders of the Company.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is available to the Company and within the knowledge of the Directors of the Company, the Company has maintained the prescribed public float under the Listing Rules.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee of the Company on the basis of merit, qualification and competence.

The emoluments of all Executive Directors of the Company are decided by the Remuneration Committee, having regard to the Company's performance, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to the Directors of the Company and eligible employees, details of the scheme are set out in note 28 to the consolidated financial statements.

CONTINUING DISCLOSURE OF THE LISTING RULES

In compliance with continuing disclosure obligations of the Listing Rules, the following information is disclosed:

1. Pursuant to Rule 13.22 of the Listing Rules:

   (a) A summary of aggregate financial information of the affiliated companies, based on the financial statements prepared under the accounting principles generally accepted in Hong Kong, as at 31 December 2019, is as follows:

	At 31 December 2019 HK$'million
Statement of Financial Position	
Non-current assets	**6,472**
Current assets	**36,815**
Current liabilities	**(23,671)**
Net current assets	**13,144**
Non-current liabilities	**(14,598)**
Net assets	**5,018**

(b) Details of the affiliated companies are as follows:

	The Group's attributable interest in the affiliated companies	Amount of guarantee given by the Group HK$'million	Amount of commitment for amounts advanced or to be advanced by the Group HK$'million
Kunshan Hongjinjun Properties Developments Co., Ltd.*	49%	–	139
Hangzhou Junyuan Real Estate Co., Ltd.*	49%	–	10
Hangzhou Junheng Real Estate Co., Ltd.*	49%	–	257
Hebei Jiantou Road King Urbanization Construction & Development Co., Ltd.*	45%	–	443
Tianjin Junda Corporate Management Co., Ltd.*	50%	–	442
Nanjing Jingrui Properties Investments Co., Ltd.*	25%	–	353
Guangzhou Runhe Real Estate Co., Ltd.*	30%	–	622
Shum King Company Limited	50%	657	2,342
Foshan Qihui Properties Co., Ltd.*	49%	–	1,066
Jinan Junsheng Properties Developments Co., Ltd.*	50%	–	830
Jinan Yajun Properties Developments Co., Ltd.*	50%	–	250
Changzhou Yajing Properties Developments Co., Ltd.*	49%	–	76
Suzhou Juntai Properties Developments Co., Ltd.*	33.3%	–	92

	The Group's attributable interest in the affiliated companies	Amount of guarantee given by the Group HK$'million	Amount of commitment for amounts advanced or to be advanced by the Group HK$'million
Wuxi Jinfeng Investments Co., Ltd.*	33.3%	160	–
Holovis International Ltd	40%	–	53
Anhui Machao Expressway Co., Ltd.* (note)	49%	283	–
PT Jasamarga Ngawi Kertosono Kediri (note)	40%	–	65
		1,100	7,040

Note:

As at 31 December 2019, the interests in those infrastructure joint ventures are indirectly held by Road King Expressway International Holdings Limited, which is 75% held by the Group.

* for identification purpose only

2. Pursuant to Rule 13.18 of the Listing Rules:

Guaranteed Senior Notes and Senior Guaranteed Perpetual Capital Securities

The Company is obliged to make an offer to repurchase and redeem the following guaranteed senior notes and senior guaranteed perpetual capital securities then outstanding at a rate equal to 101% of the principal amount, plus accrued and unpaid interest, if any, up to (but not including) the date of repurchase, and together with any distribution accrued to the date fixed for redemption, including any deferred distribution and any additional distribution payable on it, respectively upon the occurrence of a change of control triggering event and a decline in the rating of the notes and the securities:

(a) US$500 million 4.7% notes due 2021 (issued in September 2016);

(b) US$400 million 7.75% notes due 2021 (issued in January 2019);

(c) US$400 million 7.875% notes due 2023 (issued in February 2019);

(d) US$480 million 6.7% notes due 2024 (issued in September 2019);

(e) US$300 million 5.9% notes due 2025 (issued in March 2020);

(f) US$300 million 7.95% perpetual capital securities (issued in February 2017);

(g) US$300 million 7% perpetual capital securities (issued in June 2017); and

(h) US$300 million 7.75% fixed-spread perpetual capital securities (issued in November 2019).

During the year, the Company purchased an aggregate principal amount of US$224,743,000 of US$450 million 5% notes due 2019 under a tender offer, which were then cancelled in January 2019, and redeemed the remaining amount of the notes at maturity date.

3. Pursuant to Rule 13.51B(1) of the Listing Rules:

Upon specific enquiry by the Company, save as disclosed below, there is no change in the information of the Directors of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company's last published interim report:

Name of Directors	Details of changes
Mr. Zen Wei Pao, William	He entered into a service contract commencing from 1 April 2020 to 31 March 2023 with the Company. He is entitled to receive under his service contract an annual salary of HK$7,616,400 plus bonus which is subject to the performance of the Company and the individual.
Mr. Zen Wei Peu, Derek	He entered into a service contract commencing from 1 April 2020 to 31 March 2023 with the Company. He is entitled to receive under his service contract an annual salary of HK$4,816,800 and an annual bonus which will be determined on a discretionary basis.
Mr. Ko Yuk Bing	He entered into a service contract commencing from 1 April 2020 to 31 March 2022 with the Company. He is entitled to receive under his service contract an annual salary of HK$6,511,200 plus monthly housing allowance, and bonus which is subject to the performance of the Company and the individual.
Mr. Fong Shiu Leung, Keter	His annual basic salary will be revised from HK$4,005,600 to HK$4,500,000 with effect from 1 April 2020. He entered into a service contract commencing from 1 April 2020 to 31 March 2023 with the Company. He is entitled to receive under his service contract an annual salary of HK$4,500,000 plus bonus which is subject to the performance of the Company and the individual.
Mr. Mou Yong	He resigned as a Director of Shum Yip Group Limited* with effect from 13 December 2019.

Save as disclosed above, there is no other continuing disclosure required to be made by the Company pursuant to Chapter 13 of the Listing Rules.

* for identification purpose only

AUDITOR

A resolution will be proposed at the forthcoming AGM of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor.

On behalf of the Board
Zen Wei Pao, William
Co-Chairman

Hong Kong, 23 March 2020

CORPORATE GOVERNANCE CODE

The Company is dedicated to maintaining the highest standard of corporate governance as it believes that good corporate governance practices are fundamental to the smooth and effective operation of a company and can enhance the shareholders' value as well as safeguard the shareholders' interests. The Company places strong emphasis on an effective Board of Directors, accountability, sound internal control, appropriate risk-assessment, monitoring procedures and transparency to all shareholders and stakeholders.

Throughout 2019, the Company has complied with the code provisions set out in the Corporate Governance Code (the "Code") contained in Appendix 14 to the Listing Rules.

THE BOARD

Composition

The Board has a balanced composition of members to ensure independent viewpoints in all discussions. As at the date of this annual report, the Board comprises nine Directors including four Executive Directors, two Non-executive Directors and three Independent Non-executive Directors. Board members are listed below:

Board of Directors

Executive Directors	Non-executive Directors	Independent Non-executive Directors
Zen Wei Pao, William *(Co-Chairman)*	Mou Yong	Lau Sai Yung
Zen Wei Peu, Derek *(Co-Chairman)*	Dong Fang	Tse Chee On, Raymond
Ko Yuk Bing *(Deputy Chairman, Managing Director and Chief Executive Officer)*		Wong Wai Ho
Fong Shiu Leung, Keter *(Finance Director)*		

With the expertise contributed by each of the Directors of the Company, the Board has a wide spectrum of valuable business experience, knowledge and professionalism for its efficient and effective functioning. Biographical details of the Directors of the Company are set out in the section headed "Directors and Senior Management" of this annual report. An updated list of the Directors and their respective roles and functions are maintained on the websites of the Company and the Stock Exchange.

During the year, the Company has complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules regarding the appointment of at least three Independent Non-executive Directors including one Independent Non-executive Director with accounting or related financial management expertise and the number of Independent Non-executive Directors representing at least one-third of the Board.

There is no financial, business and family relationship among members of the Board, other than Messrs. Zen Wei Pao, William and Zen Wei Peu, Derek being brothers, and between each of the Co-Chairmen and the Chief Executive Officer.

Appointment and Re-election

Pursuant to the Bye-laws, the Board may appoint a director either to fill a casual vacancy or as an addition to the Board from time to time during the year following the recommendation from the Nomination Committee of the Company. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after his/her appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election. In addition, at each annual general meeting, at least one-third of the Directors for the time being shall retire from office by rotation and are eligible for re-election.

Non-executive Directors

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. All the Non-executive Directors and Independent Non-executive Directors of the Company entered into letters of appointment separately with the Company for a specific term with a range of not more than three years, subject to re-election at the general meeting.

Independence of Independent Non-executive Directors

The Company has received written confirmation of independence from each of the Independent Non-executive Directors of the Company in accordance with Rule 3.13 of the Listing Rules. The Board considers them to be independent in accordance with the Listing Rules.

Role and Delegation

The primary role of the Board is to protect and enhance long-term shareholders' value. It assumes the responsibility for providing effective and responsible leadership and control of the Company, and directing and supervising the Company's affairs in pursuit of the Group's strategic objectives.

The Board, led by the Co-Chairmen, approves and monitors the Group's strategies and policies, evaluates the performance of the Group and supervises the management. In addition, the Board reserved for its decisions all major matters of the Company, including approval and monitoring of budgets, internal control and risk management systems, dividend payout, material transaction (in particular those may involve conflict of interests), preparation and release of financial information, appointment of Directors, replenishment of land reserves, other significant financial and operational matters.

In order to enhance efficiency, the Board has delegated to the Chief Executive Officer the day-to-day leadership and management of the existing business in toll road and property development of the Group. The management of the Group is therefore responsible for day-to-day operations of the Group under the supervision of the Chief Executive Officer.

The Board also ensures that good corporate governance policies and practices are implemented within the Group and is responsible for performing the corporate governance duties including the following:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of the Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct manual applicable to employees and the Directors; and
- to review the Company's compliance with the Code and disclosure in the Corporate Governance Report.

During the year ended 31 December 2019 and up to the date of this annual report, the Board reviewed the Company's compliance with the Code for the years ended 31 December 2018 and 2019 together with six months ended 30 June 2019, and the Company's disclosures in the Corporate Governance Reports for the years ended 31 December 2018 and 2019.

The Group has adopted a number of policies and procedures of the Company, all of which have been documented and communicated to the Directors and employees via Employees' Handbooks and individual departmental handbooks to ensure good corporate governance practices and high standard of business conducts and ethics of the Group. The effectiveness of these policies is reviewed on a regular basis.

Board Meetings

The Board meets regularly at least four times each year. In addition, ad hoc Board meetings are held for major and important matters in which Board resolutions are required. The Directors of the Company play an active role in participating the Company's meetings through contribution of their professional opinions and active participation in discussion. The attendance records of individual Directors of the Company at the Board meetings, the meetings of three Board Committees, namely Audit, Nomination and Remuneration Committees and the annual general meeting held on 21 May 2019 are set out below:

	Meetings attended/held				
Name of Directors	**Board**	**Audit Committee**	**Nomination Committee**	**Remuneration Committee**	**Annual General Meeting held on 21 May 2019**
Executive Directors					
Zen Wei Pao, William	3/4	–	1/1	1/2	1/1
Zen Wei Peu, Derek	4/4	–	–	2/2	1/1
Ko Yuk Bing	4/4	–	–	–	1/1
Fong Shiu Leung, Keter	3/4	–	–	–	1/1
Non-executive Directors					
Mou Yong	1/4	–	–	–	0/1
Dong Fang	1/4	–	–	–	0/1
Independent Non-executive Directors					
Lau Sai Yung	4/4	2/2	1/1	2/2	1/1
Tse Chee On, Raymond	3/4	2/2	–	2/2	1/1
Wong Wai Ho	4/4	2/2	1/1	2/2	1/1
Zhang Yongliang (resigned on 25 October 2019)	4/4	–	–	–	1/1

"–": Not Applicable

Notice of regular Board meetings is given to all Directors of the Company at least 14 days before each meeting, and all Directors are given the opportunity to include matters in the agenda for discussion at the Board meetings. The agenda and meeting materials, including relevant background information and supporting analysis, are normally sent to all Directors at least three days before the regular Board meetings (and so far as practicable for such other Board meetings) to ensure that they have sufficient time and attention to the affairs of the Company.

In order to have an effective Board, all Directors of the Company are provided with information on activities and developments in the Group's business on a monthly basis to keep them apprised of the latest developments of the Group. They have full access to information on the Group and are able to invite management and professional advisers, where appropriate, to attend Board meetings.

All Directors of the Company have direct access to the Company Secretary who is responsible for advising the Board on corporate governance and compliance issues. The Company Secretary is also responsible for taking the minutes of the Board and Board Committees' meetings. Such minutes are open for inspection by the Directors.

Each Director of the Company is required to make disclosure of his interests or potential conflict of interests, if any, in any proposed transactions or issues discussed by the Directors at the Board and Board Committees' meetings. Any Director shall not vote on any resolution of the Board and Board Committees approving any contract or arrangement or any other proposal in which he (or his associate) is materially interested nor shall he be counted in the quorum present at the meeting.

Induction and Continuous Professional Development

Directors of the Company should keep abreast of their collective responsibilities. Each newly appointed Director would receive a comprehensive induction package covering the Group's business and the statutory and regulatory obligations of a director of a listed company. The Group also provides seminars and trainings to develop and refresh the Directors' knowledge and skills. The Group continuously updates the Directors on the latest developments regarding the Listing Rules and applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices.

During the year, the Group provided seminars, training courses and site visits to the Directors of the Company and management.

All Directors are requested to provide the Company with their respective training records pursuant to the Code. According to the training records maintained by the Company, the trainings received by each of the Directors of the Company during the period from 1 January 2019 to 31 December 2019 are summarised as follows:

Name of Directors	Type of continuous professional development
Executive Directors	
Zen Wei Pao, William	A,B,C
Zen Wei Peu, Derek	A,B,C
Ko Yuk Bing	B,C
Fong Shiu Leung, Keter	B,C
Non-executive Directors	
Mou Yong	B,C
Dong Fang	B,C
Independent Non-executive Directors	
Lau Sai Yung	B,C
Tse Chee On, Raymond	B,C
Wong Wai Ho	B,C

A: giving talks at seminars and/or conferences and/or forums
B: attending seminars and/or conferences and/or forums and/or site visits
C: reading newspapers, newsletters, journals and updates relating to the economy, general business, real estate, laws, rules and regulations, etc.

Mr. Zhang Yongliang resigned as an Independent Non-executive Director of the Company on 25 October 2019.

Directors' and Officers' Liability Insurance and Indemnity

The Company has arranged appropriate Directors' and Officers' Liability Insurance for its Directors and officers covering the costs, losses, expenses and liabilities arising from the performance of their duties. The insurance policy covers legal action against its Directors and officers to comply with the requirement of the Code. During the year, no claim was made against the Directors and officers of the Company.

Co-Chairmen and Chief Executive Officer

The Co-Chairmen of the Company are Messrs. Zen Wei Pao, William and Zen Wei Peu, Derek. The Chief Executive Officer is Mr. Ko Yuk Bing.

To ensure a balance of power and authority, the positions of the Co-Chairmen and the Chief Executive Officer of the Company are held by different individuals with separate duties. The division of responsibilities between the Co-Chairmen and the Chief Executive Officer is clearly established and set out in writing.

The role of the Co-Chairmen is to oversee the functioning of the Board and ensure the establishment of strategic direction of the Group. Messrs. Zen Wei Pao, William and Zen Wei Peu, Derek are responsible for leading new business (including investment opportunities of toll roads, investment and asset management business) and existing business endeavors of the Group respectively. The Co-Chairmen provide leadership for the Board and ensure that the Company establishes sound corporate governance practices and procedures. They also encourage all Directors of the Company to make a full and active contribution to the affairs of the Board.

The Chief Executive Officer is responsible for implementing the Board's approved strategies and policies, and focuses on handling the day-to-day operations of the property development of the Group.

Detailed duties and responsibilities of the Co-Chairmen and the Chief Executive Officer are available on the website of the Company.

Board Diversity Policy

The Board adopted a Board Diversity Policy. The Policy aims to set out the approach to achieve diversity of the Board to ensure that the Board has the balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. During the year, there were no additions to the Board.

BOARD AND MANAGEMENT COMMITTEES

To facilitate the work of the Board, the Board has delegated responsibilities to three Board Committees, namely Audit, Nomination and Remuneration Committees, to oversee particular aspects of the Company's affairs, and Property Business Management Committee led by the Chief Executive Officer to deal with the day-to-day operations of property development business of the Group. The updated terms of reference of the Audit, Nomination and Remuneration Committees are available on the websites of the Company and the Stock Exchange.

Audit Committee

Composition

The Audit Committee currently comprises three members, namely Messrs. Lau Sai Yung (Chairman of the Audit Committee), Tse Chee On, Raymond and Wong Wai Ho. All members are Independent Non-executive Directors.

Role and Function

The main responsibilities of the Audit Committee are to review the consolidated financial statements and the auditor's report, and to monitor the integrity of the consolidated financial statements. It also assists the Board to oversee internal control systems, risk management and internal and external audit functions. The Committee meets at least twice a year with the Company's external auditor to discuss the audit process and accounting issues.

Summary of Work Done

The following is a summary of major work performed by the Audit Committee during the year ended 31 December 2019 and up to the date of this annual report:

- Approval of the remuneration and terms of engagement of the external auditor;
- Review of the annual results of the Group for the years ended 31 December 2018 and 2019, and the interim results of the Group for the six months ended 30 June 2019;
- Review of the Group's financial information, financial reporting procedures, internal control systems, risk management, and financial and accounting policies and practices;
- Review of external auditor's independence and objectivity and the effectiveness of the audit process, and review of policy on engaging the external auditor to supply non-audit services;
- Review of the audit plan for financial year ended 31 December 2019;
- Review of adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting and internal audit functions;
- Review of internal/external auditor's significant findings and recommendations, and monitoring of the subsequent implementation;
- Recommendation to the Board to re-appoint the external auditor at the 2019 and 2020 annual general meetings;
- Review of the effectiveness of the internal audit function of the Company;
- Approval of the 2020 internal audit plan;
- Review of the findings in the internal control report;
- Review of reporting mechanism for employees to raise concerns about possible improprieties in financial reporting, internal control or other matters related to the Company;
- Meetings with the external auditor, in the absence of Executive Directors and Management; and
- Review of Risk Management Report.

Nomination Committee

Composition

The Nomination Committee currently comprises three members, namely Messrs. Zen Wei Pao, William (Chairman of the Nomination Committee), Lau Sai Yung and Wong Wai Ho. Except for Mr. Zen Wei Pao, William, an Executive Director, all other members are Independent Non-executive Directors.

Role and Function

The Nomination Committee was established to ensure that there are deliberative, considered and transparent procedures for the appointment of the Directors. The duties of the Committee include reviewing the structure, size and diversity (including without limitation, gender, age, cultural and educational background, professional experience, skills, knowledge and length of service) of the Board at least annually and the Nomination Policy, and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying individuals suitably qualified to become Directors and selecting, or making recommendations to the Board on the selection of individuals nominated for directorships. In identifying suitable candidates, the Committee shall consider candidates on merit and against the objective criteria with due regard for benefits of diversity of the Board.

Summary of Work Done

The following is a summary of the work performed by the Nomination Committee during the year ended 31 December 2019 and up to the date of this annual report:

- Review of the structure, size and diversity (including without limitation, gender, age, cultural and educational background, professional experience, skills, knowledge and length of service) of the Board;
- Assessment of the independence of the Independent Non-executive Directors;
- Review of the Nomination Policy and Board Diversity Policy (the "Policies");
- Review of the measurable objectives for implementing the Policies; and
- Determination the rotation of the Directors at the annual general meetings.

Nomination Policy

The Company has a Nomination Policy for the nomination of Directors. The Policy aims to set out the approach to guide the Nomination Committee in relation to the identification of individuals suitably qualified to become Directors and selection or making recommendation to the Board on the selection of individuals nominated for directorships and re-election.

Nomination Procedures

Appointment of new Directors is first considered by the Nomination Committee. In considering the appointment of a Director, the Committee applies criteria such as relevant experience, professional and educational background, reputation for integrity and independence as well as the diversity of the Board as mentioned in the Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service.

For the retiring Directors to be re-elected at annual general meeting, other than the consideration of selection criteria and the diversity of the Board mentioned above, the Committee will evaluate their overall contribution and service to the Company.

The recommendation of the Committee is then put to the Board for consideration and approval. Thereafter, any Director appointed by the Board is subject to re-election by the shareholders at the general meeting after his/her appointment. During the year, there were no additions to the Board.

Remuneration Committee

Composition

The Remuneration Committee currently comprises five members, namely Messrs. Tse Chee On, Raymond (Chairman of the Remuneration Committee), Zen Wei Pao, William, Zen Wei Peu, Derek, Lau Sai Yung and Wong Wai Ho. Except for Messrs. Zen Wei Pao, William and Zen Wei Peu, Derek, the Executive Directors, all other members are Independent Non-executive Directors.

Role and Function

The Remuneration Committee has been established to ensure that there are formal and transparent procedures to assist the Board in determining the remuneration policy of the Company and structuring the remuneration of all Directors and senior management. The Committee is responsible for making recommendation to the Board on the Company's policy and structuring for all Directors' and senior management's remuneration, and reviewing and approving the management's remuneration proposal with reference to the Board's corporate goals and objectives. It also determines, with delegated responsibility, remuneration packages of individual Executive Directors and senior management, and makes recommendations on the remuneration of Non-executive Directors and Independent Non-executive Directors.

Summary of Work Done

The following is a summary of the work performed by the Remuneration Committee during the year ended 31 December 2019 and up to the date of this annual report:

- Review and approval of the Company's remuneration policy for 2019 and 2020;
- Approval of emoluments of the Executive Directors (where Messrs. Zen Wei Pao, William and Zen Wei Peu, Derek abstained from voting in determining their own remuneration) and senior management;
- Approval of remuneration package of the Executive Directors;
- Approval of year end bonus of the Executive Directors and senior management;
- Review of remuneration and bonus policy of senior management;
- Approval of salary adjustment of staff; and
- Approval of remuneration for newly recruited senior staff.

Remuneration Policy

The Company ensures that the remuneration offered in appropriate for the duties, in line with market practice and pay levels, and effective in attracting, retaining and motivating employees (including Executive Directors). For Non-executive Directors, the Company ensures that they are sufficiently but not excessively compensated for their efforts and time dedicated to the Company. No individual determines his own remuneration.

The remuneration of a Director is determined with reference to his duties and responsibilities with the Company and the prevailing market situation. Details of the emoluments of the Directors during the year ended 31 December 2019 are set out in note 11 to the consolidated financial statements of this annual report. The emoluments paid/payable to other senior management for the year ended 31 December 2019 were within the following bands:

	Number of Senior Management
Up to HK$2,000,000	0
HK$2,000,001 to HK$3,000,000	1
HK$3,000,001 to HK$4,000,000	2
HK$4,000,001 to HK$5,000,000	2
HK$5,000,001 to HK$6,000,000	2
HK$6,000,001 to HK$7,000,000	2
HK$7,000,001 to HK$8,000,000	3
HK$8,000,001 to HK$9,000,000	0
HK$9,000,001 to HK$10,000,000	1
HK$10,000,001 to HK$14,000,000	0
HK$14,000,001 to HK$15,000,000	1

Property Business Management Committee

Composition

The Property Business Management Committee currently comprises eight members, including three Executive Directors, namely Messrs. Ko Yuk Bing (Chairman of the Property Business Management Committee), Zen Wei Peu, Derek and Fong Shiu Leung, Keter and five members of senior management, namely Ms. Chuk Wing Suet, Josephine, Mr. Zhang Nan, Ms. Diao Lu, Amy, Mr. Zhao Min and Mr. Tan Qi.

Role and Function

The Property Business Management Committee was formed in 2006 to supervise, monitor and handle major matters arising from the daily operations of the property development business in various cities in the PRC.

In order to cope with the competitive and complex nature of the business, four functional sub-committees, namely Market, Product, Engineering and Property Service, were subsequently established to provide professional recommendations and solutions to the Property Business Management Committee for major matters as well as to execute and make decisions in areas delegated by the Property Business Management Committee.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code. All the Directors of the Company have confirmed, following specific enquiry that they have complied with the Model Code throughout the year ended 31 December 2019.

The Company has also adopted a code of conduct governing securities transactions by employees who are likely to be in possession of unpublished inside information in relation to the Group.

Formal notifications are sent by the Company to all Directors and relevant employees reminding them that they should not deal in the securities of the Company during the "black out period" specified in the Model Code.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors of the Company acknowledge their responsibility, with the support from the Finance and Accounting Department, to prepare the consolidated financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Directors, having made appropriate enquiries, are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements on a going concern basis.

The Directors of the Company are aware of the requirements under the applicable Listing Rules and statutory regulations with regard to the timely and proper disclosure of inside information, announcements and financial disclosures and authorises their publication as and when required.

EXTERNAL AUDITOR'S REMUNERATION AND REPORTING RESPONSIBILITIES

Messrs. Deloitte Touche Tohmatsu had been re-appointed as the Company's external auditor at the annual general meeting of 2019 until the conclusion of the next annual general meeting.

The fees paid/payable to external auditor for audit and non-audit services for the year ended 31 December 2019 are as follows:

Type of Services	Fee paid/payable HK$
Audit fee	4,710,000
Non-audit services	
Interim review fee	1,600,000
Other services	2,438,000
Total	8,748,000

The statement of the Company's external auditor, Messrs. Deloitte Touche Tohmatsu, regarding their reporting responsibilities is set out in the Independent Auditor's Report on pages F-1 to F-6.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and maintaining sound and effective risk management and internal control systems (including reviewing their effectiveness) to safeguard shareholders' investment and the Company's assets. The Group has established and developed the risk management system, which is defined by the Risk Management Policy comprising the roles and responsibilities of the Audit Committee, approach and methodology in establishing the risk assessment mechanism with references to international standards and best market practices. A Risk Management Taskforce (the "RMTF") has been set up to oversee the risk management program and assesses the program processes and makes decisions on risk management issues.

The Company has adopted the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO") 2013 framework. The management allocates resources for the internal control and risk management systems compatible with the COSO to provide reasonable, though not absolute, assurance against material misstatement or loss and to manage rather than eliminate the risk of failure to achieve business objectives. The risk assessment comprises five core stages including risk identification, risk assessment and prioritization, risk response, risk monitoring and risk reporting.

The Audit Committee, which was delegated by the Board, assisted by the RMTF has reviewed and evaluated the effectiveness of the Group's risk management system for the year ended 31 December 2019. The Audit Committee considered the risk management system of the Company and its subsidiaries was effective and adequate.

The internal control system comprises a defined organisational structure and comprehensive policies and standards. Responsibilities of each business and operational unit are defined to ensure effective check and balance.

The Audit Committee, which was delegated by the Board, has reviewed and evaluated, via the internal audit team, the effectiveness of the Group's internal control system put in place by management covering all material controls, including financial, operational and compliance controls as well as risk management functions of the Company and its subsidiaries for the year ended 31 December 2019. The Audit Committee considered the internal control system of the Company and its subsidiaries was effective and adequate.

During the year, the internal audit team conducts systematic reviews of the Group's internal control system by using a risk-based audit approach and reviews the effectiveness of the Group's system of internal control against the COSO 2013 framework in order to provide reasonable assurance of the effectiveness of the system. The team reports directly to the Audit Committee and has free access to review all aspects of the Group's activities and controlling system. The team summarises audit findings and control weaknesses and reports to the Audit Committee on a quarterly basis.

SHAREHOLDERS' RIGHTS

The Board and management shall ensure shareholders' rights and all shareholders are treated equitably and fairly. Pursuant to the Bye-laws, any shareholder entitled to attend and vote at a general meeting of the Company is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. Shareholders holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisition to the Board, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition. In addition, shareholders holding not less than one-twentieth of the total voting rights or not less than 100 shareholders may submit a written request to the Company stating the resolution intended to be proceeded at the annual general meeting.

Any vote of the shareholders at a general meeting must be taken by poll (other than procedural matters). Voting results are posted on the websites of the Company and the Stock Exchange on the day of the general meeting. Since May 2017, there were no changes to the memorandum of association of the Company and the Bye-laws. The updated versions of the memorandum of association of the Company and the Bye-laws are available on the websites of the Company and the Stock Exchange.

Detailed procedures for the shareholders to convene a special general meeting, putting forward proposals at a general meeting and proposing a person for election as a Director are also available on the website of the Company.

COMMUNICATION WITH SHAREHOLDERS

The Board has established a shareholders' communication policy setting out various channels of communication, with the objective of enabling the shareholders to assess the Company's overall performance, exercise their rights in an informed manner and engage actively with the Company.

The Company regards its shareholders' meeting as an important means of communication with the shareholders in which the shareholders will be able to have an open dialogue with the Board. The Board members, in particular, the Chairmen of the Board Committees and appropriate management executives are available to answer questions of the Group's business at the annual general meetings. External auditor also attends the Company's annual general meetings and addresses queries from the shareholders relating to the conduct of the audit and the preparation and content of its auditor's report.

Apart from holding shareholders' meeting, the Company also endeavours to maintain effective communication with all shareholders through other channels such as publication of annual and interim reports, announcements and circulars so as to provide extensive information on the Group's activities, business strategies and developments, and financial position. Such information is also available on the websites of the Company and the Stock Exchange.

Shareholders are also provided with contact details of the Company, such as telephone hotline, fax number, email address and postal address, to enable them to make any queries or comments on the Company at any time.

DIVIDEND POLICY

The Company has adopted a Dividend Policy. It aims to provide shareholders with stable and sustainable returns. In proposing any dividend payout, the Board shall take into account, inter alia, the Group's financial condition, working capital requirements and future expansion plans, actual operations and liquidity position, the Company's retained earnings, distributable reserves and cash flow situation, general economic condition and other factors that the Board considers appropriate.

INVESTOR RELATIONS

The Company pursues a proactive policy of promoting investor relations and communications with the shareholders. To this end, the Company maintains an open dialogue with the shareholders and investors through the Company's financial reports, press releases, road shows, conferences, annual general meetings and general meetings that may be convened, as well as making available all the disclosures submitted to the Stock Exchange to provide regular and timely public disclosures on the Company's operating performance and corporate developments.

The Company has issued newsletters on a quarterly basis. These newsletters set out the latest developments of the Group's projects, and the quarterly performance of property sales and toll road projects. All the newsletters and publications of the Company issued in 2019 can be retrieved from the website of the Company. Going forward, the Company will continue to improve its transparency to ensure the shareholders and investors are kept abreast of the Company's latest development on a timely basis.

During the year, the Company's investor relations team arranged analyst meetings and regular meetings and interviews with the shareholders, investors and analysts.

SOCIAL RESPONSIBILITY

The Group is committed to make contributions to the community since its establishment. In addition to fulfilling corporate responsibility in its day to day operations, the Group also proactively participates in social welfare activities and donations. For details, please refer to the subsection headed "Community Investment" under "Building Sustainable Community" of the "Environmental, Social and Governance Report" of this annual report.

ABOUT THIS REPORT

This Environmental, Social and Governance ("**ESG**") Report (the "**ESG Report**") of Road King Infrastructure Limited ("**Road King**" or the "**Company**", and together with its subsidiaries, joint ventures and associates "**We**", "**Our**" or the "**Group**") serves as a summary of the Group's ESG strategy, policies and achievements. It illustrates how Road King pursues its mission to become the best performing investor and operator of the People's Republic of China ("**PRC**") through dedication in quality products and services while managing its ESG risks and impacts.

Reporting Scope

This ESG Report provides an overview of the ESG progress of the Group for the period from 1 January 2019 to 31 December 2019 (the "**Reporting Period**"). Unless otherwise specified, this report covers the Group's property development, investment and asset management businesses in Mainland China and Hong Kong, which represent the Group's principal business operations, with the objective to reflect the Group's overall ESG performance.

Reporting Standard

This report is prepared in accordance with Appendix 27 Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Reporting Principles

With the aim to offer stakeholders a fair view of the Group's effort in ESG as well as useful information for decision making, this report, in its preparation, strictly adhered to the following principles:

Materiality:
Relevant and important information to stakeholders on ESG aspects is covered in this report, relative importance of ESG topics has been determined through materiality assessment and approved by the Board.

Quantitative:
Quantitative information is provided in this report, and where appropriate with narrative and comparative data to assist readers in meaningful interpretation of figures and enable them to perform fair assessment of the Group's ESG performance.

Consistency:
Consistent methodologies (as previous reports) are used to prepare and present ESG data provided in this report, unless otherwise specified.

Balance:
Unbiased information is provided in this report, without selections, omissions and presentation formats that would mislead the readers.

ESG GOVERNANCE

ESG risks and opportunities are considered at corporate level, with the Board of Directors (the "**Board**") having overall responsibility for determining the Group's ESG risks and ensuring effective risk management and internal control systems are in place. In addition, the Board sets the direction and targets of the Group regarding ESG with reference to the Group's business objectives and operation needs, and where appropriate formulates strategies to incorporate ESG into the Group's businesses.

The Board maintains oversight on the Group's ESG performance and progress, while the management of the Company (the "**Management**") is responsible for monitoring and managing ESG risks, and to provide confirmation to the Board on the effectiveness of risk management and internal control systems. The Management is also responsible for reviewing and executing ESG strategies developed by the Board, through establishment of implementation plan with adequate delegation and guidance to relevant personnel, and report to the Board on progress made regularly for review.

STAKEHOLDER ENGAGEMENT

The Group understands that its operations will affect, as well as be affected by different groups of stakeholders. The key stakeholders of the Group are identified by the Management by considering their dependency and influence on the Group, and they are constantly engaged through various channels as summarized below:

Stakeholder Groups	Engagement Channels
Employees	• Meetings and Briefings • Training Sessions • Internal Emails and Publications • Employee Activities • Surveys and Interviews
Customers	• Community Events • Corporate Website • Surveys
Suppliers and Business Partners	• Screening and Assessments • Business Meetings • Surveys
Investors and Stockholders	• Annual General Meeting • Analyst Briefings and Announcements
Government and Regulators	• Consultations
Community	• Community Events
Media	• Press Releases

The Group will continue to communicate with its stakeholders on its ESG approach and initiatives, and use the feedback received to improve its strategy and policies to better meet stakeholders' expectation.

MATERIALITY ASSESSMENT

The Group faces a vast number of ESG issues relating to its operations that are of varying importance to stakeholders. To prioritize the important issues for meaningful reporting and resource allocation, the Group conducted a materiality assessment during the Reporting Period. Such activity consisted of 4 stages as shown below:

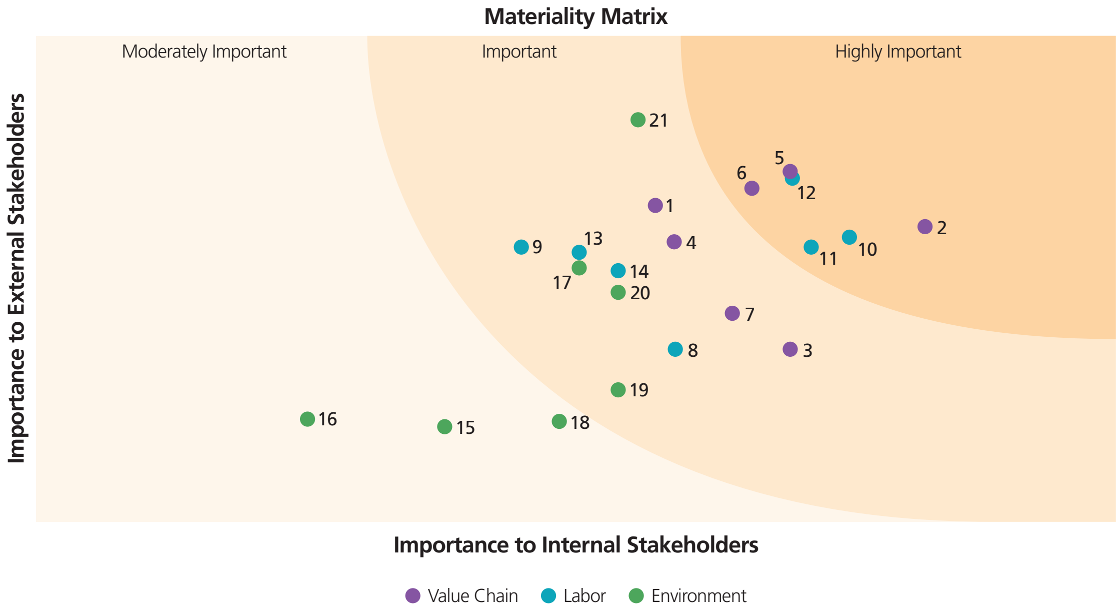
1 **Issue Identification**
Identify ESG issues relating to the Group's operations by the Management, with reference to previous stakeholders' feedbacks, market research, peers benchmarking and ESG Reporting Guide; and establish a preliminary issue list

2 **Stakeholders Questionnaire**
Distribute questionnaires to stakeholders that possess great dependency or influence on the Group's operations, for assessing relative importance of the ESG issues

3 **Materiality Ranking**
Consolidate the questionnaire results and prepare the materiality ranking of the issues

4 **Confirmation**
Review the materiality ranking from stage 3 and confirm the final results by the Management and the Board

Both internal and external stakeholders were invited to complete the questionnaire for assessing relative importance of the 21 issues identified in stage 1. The results are mapped into a materiality matrix shown below. 6 issues are classified as highly important, 12 issues are classified as important and 3 issues are classified as moderately important. All topics are covered in later sections of the report.

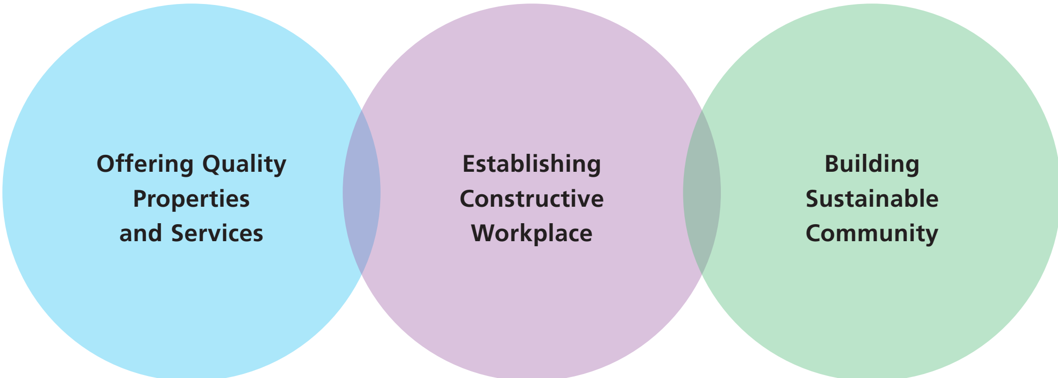


Material Issues		
Value Chain	**Labor**	**Environment**
1 Supplier/Contractor Management	8 Recruitment and Promotion	15 Air Emissions and Water Discharges
2 Product and Service Responsibility	9 Working Hours	16 Greenhouse Gas Emissions
3 Marketing Ethics	10 Remuneration	17 Waste Management
4 Data Privacy	11 Equal Opportunity	18 Energy Conservation
5 Anti-Corruption and Money Laundering	12 Workplace Health and Safety	19 Water Conservation
6 Whistle-Blowing Mechanism	13 Staff Training	20 Environmental Risk Management
7 Social Responsibility	14 Anti-Child and Forced Labour	21 Construction Materials

ESG APPROACH

With over 50 property development projects in more than 15 cities, the Group is a prominent property developer in the PRC. Possessing significant influence, the Group has contributed greatly to the economic development of the regions where it operates through providing quality residential and commercial properties as well as creating numerous job opportunities. While in recent years public awareness and demand on corporate social responsibility have risen considerably, the Group recognizes and embraces this trend with the determination to contribute to inclusive and sustainable growth of the wider community.

Accordingly the Group established its ESG approach with 3 focuses:



Offering Quality Properties and Services

- Through socially and environmentally responsible construction practices and production processes.
- With highest standards of business ethic.
- In response to customers' demand and suppliers' request.

Establishing Constructive Workplace

- Through desirable employment practices and career development opportunities.
- With comfortable and supportive working environment.
- In response to employees' needs and contribution.

Building Sustainable Community

- Through continuous community involvement and social participation.
- With targeted community investment.
- In response to public expectation.

OFFERING QUALITY PROPERTIES AND SERVICES

The Group is committed to providing quality properties and services in a socially and environmentally responsible manner, with the core objective to generate sustainable values to customers and society. From the beginning of a property development project comprising property design and supplier selection, to the end of it which is often marked by the sales and handover of apartment or other forms of commencement of operation and management of the property. Every single ESG issue in this production process is taken seriously by the Group.

Building Design and Supplier Selection marks the start of property development project. Satisfying customers' needs is the objective, suppliers are engaged serving this end within the Group's supply chain framework.

Construction Planning and Construction Work is the crucial stage of production. During which a significant part of environmental and social impacts are managed.

Quality Management concerns not just the quality of properties built or services provided, but also product health and safety issues.

Property Sales and Customer Relationship are also the Group's priority. With ethical and professional business practices, the Group is able to maintain the confidence and loyalty of customers.

There were no material non-compliance cases noted relating to environment, labor health and safety, as well as product responsibility during the Reporting Period. The Group's production process, sales practices, products and services offered were in compliance with relevant local environmental, labor, product and customer-related laws and regulations.

Building Design and Supplier Selection

Green Building Design

The Group's core principle in terms of building design is to satisfy customers and end users' needs, while promoting a comfortable living environment. Furthermore, the Group makes effort to incorporate green elements into building design as possible. Such as the installation of solar panel and solar water heating system to utilize sun energy; use of heat preservation materials in exterior wall to enhance heat insulation and reduce the need for air-conditioning; as well as adoption of "Sponge City" concept to better conserve water resources. The Group's effort in designing green building has been recognized. For instance, one of the Group's residential development projects, the RK Sunny Town Haoyangyuan Phase 1 in Tianjin, has attained the China Green Building Design Label – 1 Star.

Green Buildings

RK Yanjiang Riverside, Suzhou

Located at Yangchenghu Town, a famous tourist attraction in Yangtze River Delta Region, RK Yanjiang Riverside is a high-end villa surrounded by lake scenery. Its design utilized the characteristics of local natural environment and adopted the "Sponge City" concept. While featuring an unique green landscape, different green design elements were also incorporated for better energy conservation. RK Yanjiang Riverside was honoured as Suzhou Landscape Demonstration Project by the Suzhou Municipal Garden and Landscape Administration Bureau in recognition of its outstanding green design as well as the quality of construction and maintenance management.

RK Grandtown, Langfang

Located at Dachang, RK Grandtown enjoys convenient transportation network with several famous parks nearby. The property development project adopted a variety of advanced materials and technologies, such as the fresh air system installed at high floor levels which could improve indoor air quality, producing enhanced economic and environmental performance. Meanwhile, its design also reflected great humanistic and aesthetic values with satisfactory functionality. As such, RK Grandtown received the Residential Planning and Design Excellence Award from the Elite Habitat Award Committee.

Supplier and Contractor Management

Fine building design needs to be complemented by high-standard construction work in order to produce quality properties, therefore supplier and contractor management is a crucial part of the Group's quality control. The Group implements a strict supplier and contractor selection process, to ensure the competence and suitability of them in terms of delivering quality work. Factors considered in this process include but not limited to experience, reputation as well as possession of relevant licenses. After qualified suppliers and contractors are identified and engaged, regular evaluation will be conducted throughout the contract period to ensure suppliers are performing the contractual duties properly as intended. An overall performance assessment will also be conducted at the end of contractual relationship to serve as a reference for supplier selection in the future. The Group maintains a close and long-term relationship with qualified suppliers and contractors to guarantee a stable supply chain.

As at 31 December 2019, the Group had a total of 130 major suppliers that were directly related to the Group's core operations in property development. These included but not limited to construction contractors and construction material providers. Out of which about 110 were located in Mainland China and about 20 were located in Hong Kong. (Please note the figures above do not include minor suppliers such as those providing selling and marketing services and office supplies.)

Green Supply Chain

In addition to the quality aspect, sustainable development considerations have also been incorporated into the Group's supply chain management. The Group expects and requires all of its suppliers and contractors to share the same values as the Group in terms of corporate social responsibility. Accordingly, ESG performance is incorporated as one of the assessment criteria during the supplier and contractor selection process, as to provide incentives to suppliers to adopt socially and environmentally preferable practices. To better control for ESG risks along the supply chain, issues such as human rights, forced labor and pollutions are identified and considered, with specific terms and conditions relating to these matters added to contracts as appropriate. Regular review is performed to ensure the issues identified remain relevant and material over time. The Group also strictly prohibits the use of child and forced labor in its operation and would not engage suppliers and contractors who are known to employ such labors.

ESG performance is continuously monitored and evaluated when suppliers and contractors are carrying out their contractual duties. They are required to follow the Group's policy regarding corporate social responsibility in all material aspects. Unsatisfactory or inadequate commitment on environmental and social performance by contractors will be reflected negatively on performance evaluation, affecting the chance of them being engaged again in the future.

Construction Planning and Construction Work

The Group recognizes that construction activities usually consume significant amount of resources and result in considerable amount of emissions and wastes. Negative external impacts may also be posed to neighboring parties and the natural environment through noise and light pollutions. Despite not having direct control over the outsourced construction work, the Group takes a monitoring role in managing contractors' environmental practices and strives to minimize the potential environmental impacts.

Environmental Risk Management

The Group strictly monitors the environmental risks related to its construction sites by performing environmental assessments and implementing preventive measures to control the risks. If significant environmental risks are identified, respective mitigating measures would be developed to address the root causes or lessen the impacts. For instance, the Group requires the contractors to implement effective noise and light nuisance control measures, such as installation of acoustic panels for sound blocking. Level of noise is also recorded from time to time for control purpose. In addition, construction activities are properly planned to avoid noise and light nuisance at night while site noises are closely monitored.

Noise dosimeters are installed at construction site to monitor noise level. Meter reading is recorded few times a day at random intervals serving as random inspections.

During the Reporting Period, some of the Group's projects were accredited by relevant authority for their endeavors in environmental protection. For instance, RK City Zhenjiang was awarded "Site of Civilized Green Construction – Zhenjiang".

Furthermore, all property development projects of the Group in Hong Kong have participated in the BEAM Plus program to reduce environmental impacts arising from the construction work.

Climate Change

In addition to the potential negative impacts construction work may impose to external environment, the Group also realizes the risks posed by external environment to construction activities. The Group is particularly concerned with the effects of climate change, which results in more frequent extreme weather conditions such as extreme temperature, flooding and typhoon. As these events may disrupt construction activities, cause damage to the Group's properties and most importantly, threaten the safety of construction workers and construction site. To control for these external risks, the Group closely monitors the weather conditions and climate change related issues of the districts where construction sites locate, and requires its contractors to develop emergency plans and perform regular examination on construction equipment to ensure they meet the safety standards. Besides, the Group is also aware of the difficulties in carrying out construction activities during winter, due to low temperature and intense air pollution (e.g. smog). Accordingly, the Group requires contractors to complete standardized preparation work before starting construction at winter. This includes the installation of relevant heating and warming equipment as well as other heat preservation measures to protect construction machinery, ensuring that they can operate normally. Formal procedures have also been established to regulate the construction work during winter. For instance, specific temperature requirements on different construction materials and processes are set out, the time intervals for regular temperature check are specified, and methodologies for heat preservation are provided. In addition, contractors are also required to provide trainings to construction site managers and other relevant personnel to ensure they have the required knowledge for monitoring and managing construction activities at winter season.

Energy Conservation

Further to environmental risk management, during the preparation stage of construction work different preventive measures are adopted with the aim to enhance efficiency in the use of energy.

During the planning stage of construction work, work procedures are carefully designed to avoid unnecessary steps that would lead to energy consumption; logistics of raw materials is set up in a way optimizing capacity and frequency of transportation so as to improve fuel efficiency. Regarding the use of equipment, electrical construction machinery with high energy efficiency (as compared to diesel ones) are deployed as possible, and solar panels are installed in certain locations to support the lighting systems at the construction site. As for personnel, different communications (such as posters, signs and memos) are launched to raise construction workers' awareness on energy conservation, and site supervisors are assigned to record and monitor the electricity usage and formulate corresponding energy conservation plan.

Water Conservation

Equal importance is placed on water conservation during the preparation stage. The Group requires its contractors to implement certain initiatives such as installing sediment tanks and reflux pipes to collect sewage and rainwater, which will be reused after sedimentation for washing trucks and machinery as well as sprinkling roads to reduce dust.

Adoption of the initiatives mentioned above during the preparation stage provides a good foundation for managing negative impacts to external environment as well as conserving energy and water.

Waste Management

At the construction stage, the Group pays close attention to the wastes and emissions generated, and requires its contractors to implement effective control and mitigation measures. Construction site waste management consists of 5 areas, namely, monitoring, reduction, handling, storage and disposal, respective control measures are summarized below:

Monitoring
- Assign site supervisors to record and monitor the daily waste amount and formulate corresponding control measures

Reduction
- Reuse construction materials to reduce waste generation (e.g. inert wastes such as construction debris and rubles are recycled for land formation)
- Cover construction materials properly to avoid deterioration caused by weather which will lead to unnecessary disposal
- Carry out construction work with proper procedures, advanced techniques (e.g. use of pre-cast materials) and precision to reduce wastage

Handling
- Separate domestic and construction wastes (which are further categorized into inert and non-inert wastes) for handling in accordance with environmental regulations
- Prohibit the use of Asbestos (a traditional hazardous construction material)

Storage
- Arrange designated areas with clear signs for temporary storage of construction wastes
- Store hazardous construction wastes in covered or sealed containers with proper labels for identification before collection by qualified contractors

Disposal
- Dispose non-hazardous construction wastes to designated municipal landfills
- Appoint qualified contractors to collect and process hazardous construction wastes
- Install Global Positioning System (GPS) locators on trucks to detect any disposal of construction wastes at unauthorized sites

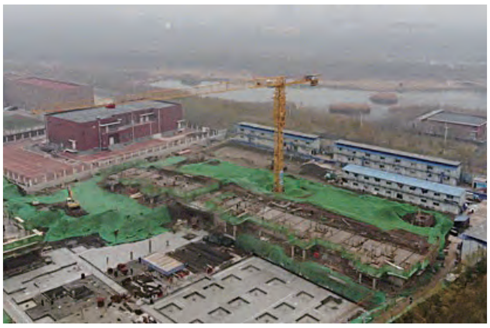
These measures are reviewed constantly to ensure compliance to relevant laws such as the Environmental Protection Law of the People's Republic of China and the Waste Disposal Ordinance (Cap. 354) of Hong Kong.

Air Emissions

Regarding air emissions at construction site, the Group places special attention to the control of blowing dust, which is a significant source of air and water pollution. The Group requires contractors to implement control measures, as appropriate, to ensure dust generation and dispersion to external environment are minimized. Relevant measures include:

Reduce dust generation
1. Prohibition of on-site mortar mixing 2. Use of commercial mortar 3. Use of appropriate materials for pavements at construction site 4. Proper maintenance on construction site pavements 5. Assignment of supervisors to monitor the loading of soil from earth excavation onto the trucks

Prevent dust dispersion
1. Use of barriers to contain construction site area 2. Use of water sprinkler systems 3. Covering of cargo compartments of trucks that transport dust generating materials 4. Covering of newly reclaimed land 5. Regular cleaning of construction machinery and trucks 6. Prohibition of dust generating works under strong wind



Example of covering up of construction area.

Example of using water sprinkler system to prevent dust from airborne.

To further reduce overall air emissions, the Group requires contractors to use electrical construction machinery that does not generate air emissions, and cleaner fuels (e.g. ultralow Sulphur diesel) that generate less air emissions, where feasible. Meanwhile, contractors are prohibited from burning construction waste onsite and required to collect and dispose inflammable wastes timely. CCTV and air quality gauges have been installed to monitor air quality, to ensure that level of air pollution is fulfilling the standards set by BEAM Plus and other relevant regulations including the Atmospheric Pollution Prevention and Control Law of the People's Republic of China and the Air Pollution Control Ordinance (Cap. 311) of Hong Kong.

Water Discharges

As for water discharges, the Group strictly prohibits any illegal discharges that result in pollution of nearby environment, and complies with applicable laws such as the Water Pollution Prevention and Control Law of the People's Republic of China and the Water Pollution Control Ordinance (Cap. 358) of Hong Kong. Contractors are required to discharge water to designated municipal drainage systems after treatment in accordance with the environmental regulations, where water discharge quality has to be accredited by relevant governmental authorities. The Group also requires contractors to obtain relevant license as commanded by drainage-related authority and perform regular inspections to ensure compliance with discharge standards. Besides, the Group requires contractors to use a 3-tier water discharge control system, consisting of drainage system, storing tank and sediment tank, where possible, for more effective control of water discharge; and perform regular cleaning of sediment tanks.

Construction Health and Safety

Besides the environmental aspect of construction activities, the health and safety of construction workers are of paramount importance to the Group. The Group requires contractors to apply appropriate construction safety measures, such as the provision of personal protective equipment, according to local regulations including the Construction Law of the People's Republic of China and Construction Sites (Safety) Regulations (Cap. 59I) of Hong Kong. On top of that, the Group has established clear construction site environment and sanitation requirements to ensure proper working and living conditions of construction workers. For instance, the dormitory must have good moisture-proof function, ventilation and daylighting; sufficient number of toilets has to be set up (no less than 1 toilet per 50 males and 1 toilet per 25 females); designated resting areas and appropriate facilities have to be provided such that construction workers can take proper rest when needed.

Example of living area with washrooms, canteens, toilets and bedrooms.

Example of resting facilities: pantry and smoking zone.

In order to ascertain effective controls are in place to mitigate health and safety risks at construction sites, the Group takes initiatives in monitoring the measures implemented by the contractors. And their performance in this regard is also taken into account during the contractor selection and evaluation processes to provide incentives for maintaining and improving living and working conditions of construction workers.

Quality Management

Construction Quality

Construction quality management is a key success factor of the Group. The Group assumes the responsibilities for ensuring the property is safe for use with high quality before delivering it to customers. As such, the Group has established its Construction Quality Management Policy, setting out the principles of construction quality management, the responsibilities of different personnel, the areas subject to quality check (including construction equipment, construction work procedures, as well as the finished components of property such as doors and windows) and the methodologies for quality check (e.g. by sampling). Where qualified engineers and third parties are appointed to perform such quality assurance procedures. These standards are strictly enforced in every property development project, and reviewed constantly to ensure they are in compliance with applicable laws and remain effective over time. The Group does not accept any quality defects that would potentially impair the health and safety of customers. If such defects are identified, the Group requires corrective actions to be taken promptly before handover of property by construction contractors. Also, before the delivery of property to customers, the Group arranges buyer inspection to ensure the quality is satisfactory before they accept the apartments. To further safeguard the interests of apartment buyers, the Group issues letter of guarantee on the quality of brand new apartments, which specifies the Group's commitment to free repair services on certain items and components with quality defects (that occur under normal operation of property) up to specific years since project completion acceptance, subjecting to specific terms and conditions.

Product Health and Safety

The Group also concerns about the health and safety impacts arising from the construction materials used. To ensure indoor air quality, the Group requires the use of construction materials to be in compliance with requirements of the "Code for Indoor Environmental Pollution Control of Civil Building Engineering"（《民用建築工程室內環境污染控制規範》）in the People's Republic of China. Third parties are also engaged to perform quality check on construction materials when necessary. Materials imposing harmful effects on human health or environment are strictly prohibited, for instance, moisture proof agents consist of asphalt cannot be used on wooden materials.

During the Reporting Period, the Group did not receive any significant health and safety related complaints for the residential properties delivered to customers.

Achievement

2019 Quality Production Outstanding Corporate

RK Properties Holdings Limited was awarded as 2019 Quality Production Outstanding Corporate by the Elite Habitat Award Committee for its contribution and achievement in constructing quality properties and living environment for society. The Elite Habitat Award is the only national award in the field of human settlements and urban construction approved by the Ministry of Science and Technology and the National Office of Science and Technology Awards.

Property Sales and Customer Relationship

Responsible Sales Practices

The Group aims at building long-term relationship with its customers. On top of delivering quality properties and services in a responsible manner, the Group is committed to ethical sales practices to protect customer interests. As a control measure, the Group reviews all information on its advertisements and promotion materials before publication to ensure there is no untrue or misleading information used. The Group strictly prohibits the use of any illegitimate marketing tactics, and requires its entities to comply with all relevant local laws on property sales including the Urban Real Estate Administration Law of the People's Republic of China and the Residential Properties (First-hand Sales) Ordinance (Cap. 621) of Hong Kong.

Customer Data Privacy

The Group respects the privacy of its customers and maintains the highest level of accuracy, security and confidentiality when handling customer data. To this end, the Group applies the six common data protection principles for the purpose of preventing the Group from inappropriate collection, holding, processing or use of the customer data that would harm the interests of customers.

Six Data Protection Principles	
Collection Purpose and Means: Collect adequate but not excessive data through lawful and fair means for a purpose directly related to the Group's business operations.	***Data Security:*** Implement effective security system and apply adequate security measures to protect customer data from unauthorized access.
Data Accuracy and Retention: Ensure customer data held are accurate and up-to-date. Data will not be kept after the purpose of data collection is fulfilled.	***Data Openness:*** Disclose to the customer the kind of personal data held, as well as the policies and guidelines on handling such data.
Use of Data: Use customer data only for the purpose of data collection as previously communicated to and consented by customers, unless new consent is obtained.	***Data Access and Correction:*** Provide a copy of personal data held to the customer upon request. Correct the data record in accordance to the customer's demand.

Policies and procedures on customer data management have been established accordingly to provide detailed guidance to employees on handling customer data. Such policies and procedures are also regularly reviewed to ensure they are sufficient to counter evolving threats on customer data privacy (e.g. cyberattack) and compliant with increasingly stringent customer data privacy laws. Relevant laws include but not limited to the Personal Data (Privacy) Ordinance (Cap. 486) of Hong Kong.

ESTABLISHING CONSTRUCTIVE WORKPLACE

The Group highly values its employees, for their contributions to the Group's development and success. The Group takes talent management as top priority and aims at providing a constructive workplace where employees can work efficiently and effectively with job satisfaction. In addition, the operations of such workplace shall also be environmentally friendly. The first step towards this goal is attracting the right talents, then supporting them at work with prudent development, at last promoting environmentally friendly practices at workplace.

Talent Attraction and Retention are crucial to developing a sustainable talent pool. The objective is to identify the suitable candidates, recruit and retain them ethically.

Staff Development and Support are important factors of employee productivity and satisfaction.

Environmental Friendly Workplace with active employee participation could help better protect the planet.

There were no material non-compliance cases noted relating to the Group's employment practices and labor standards during the Reporting Period. The Group's human resource policies and operations were in compliance with relevant local labor laws and regulations.

Talent Attraction and Retention

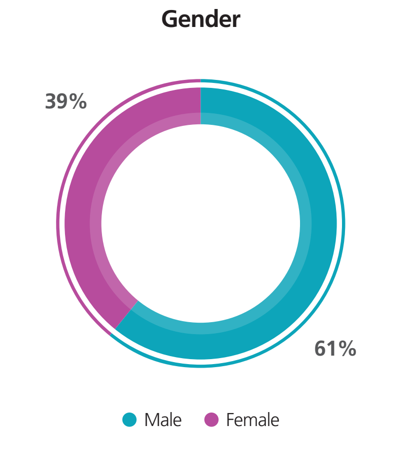
The Group aims at attracting the right talents who possess the suitable skills and knowledge, as well as share the mission and values of the Group. For they are the important internal resources the Group can leverage on for the purpose of business operation and development.

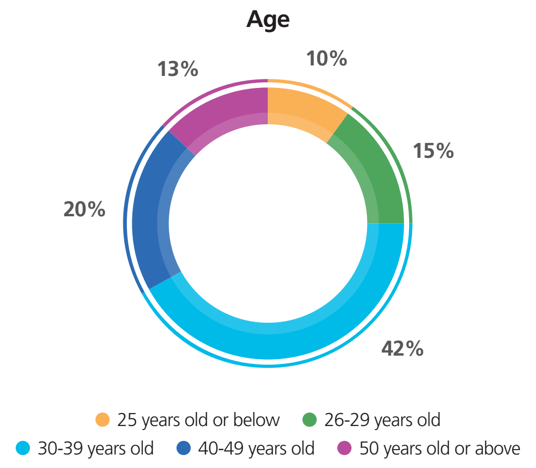
Recruitment, Promotion, Compensation and Termination

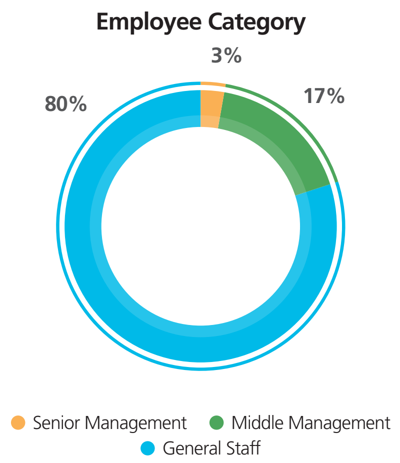
The Group understands that there are two key elements in talent management. First, the Group has to identify the suitable talents, which is achieved through a carefully designed recruitment process with different means of assessment. Then it has to attract and retain them to serve the Group. In this respect, the Group sets out clear career paths and offers comprehensive opportunities to employees, helping them to gain exposure and achieve their career aspirations. In addition, the Group provides competitive remuneration packages to employees in accordance with their performance, relevant skills, experience and contribution. Other benefits include provident fund, medical insurance, training programs and bonuses. Meal subsidies and travel allowance are provided under certain circumstances including outbound business trip and overtime work. Meanwhile, the Group also offers different types of leave to address employees' need on personal time for events such as exam, marriage and maternity etc. The Group received awards for being a responsible employer[1]. All related employment practices adopted by the Group, including termination of employment, are in compliance with relevant labor laws including the Labor Law of the People's Republic of China and the Employment Ordinance (Cap. 57) of Hong Kong.

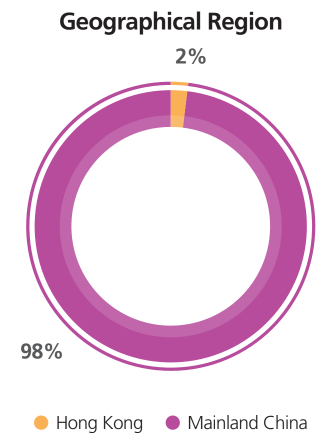
As at 31 December 2019, the Group (including the major joint ventures and associates) had 5,832 employees[2], out of which more than 99% were full time employees. Further distributions of the Group's employees are shown below:

Total Workforce





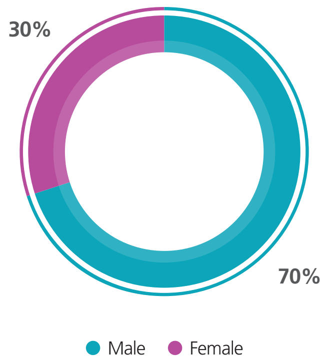




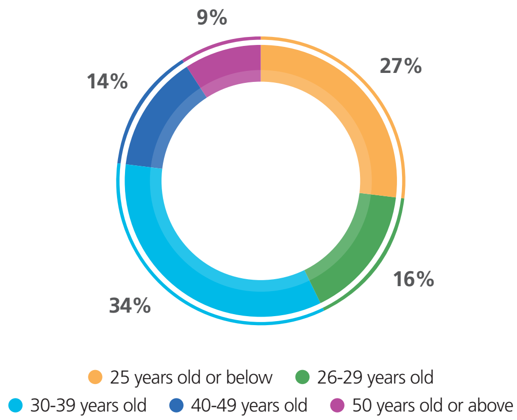
Meanwhile, the Group strives to retain talents and takes employee turnover as a performance indicator in this regard. Optimal level of employee turnover implies strong employee loyalty, which indeed benefits the Group's development. Total employee turnover during the Reporting Period was 2,047. Please refer to the graphs below for details of employee turnover of the Group during the Reporting Period.

Employee Turnover

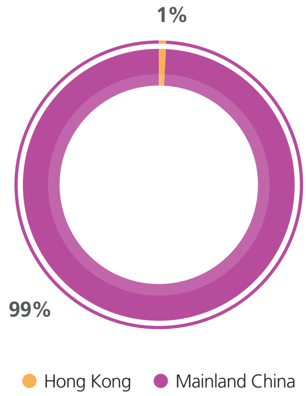
Gender



Age



Geographical Region



1 Road King Infrastructure Limited and Road King Infrastructure Management Limited were honored as Good MPF Employer by Mandatory Provident Fund Schemes Authority and received MPF Support Award. RK Properties Holdings Limited was awarded 2019 China Real Estate Best Employer by the China Real Estate Association.

2 Scope of employee and headcount related data in this ESG Report includes the Group's principal joint ventures and associates, as opposed to that of Directors' Report which excludes joint ventures and associates.

2019 China Real Estate Best Employer

Anti-Child and Forced Labor

The Group respects talents and is convinced that the right talents can only be attracted, recruited and retained through legal and ethical employment practices. Concerning the skills and knowledge required to perform job duties for the Group, child labor will not be suitable employees for the Group and the risk of employing such labor is low. Nevertheless, the use of child labor is strictly forbidden, and control measures including requirement of proof of identity and age are in place. Use of forced labor is also strictly prohibited, while it remains a low risk issue to the Group, employees are encouraged to report any cases relating to forced labor practices. The Group constantly reviews and assesses its employment practices, as well as engaging employees, to avoid child and forced labor and ensure compliance with relevant laws such as the Labor Law and Provisions on the Prohibition of Using Child Labor of the People's Republic of China, as well as the Employment Ordinance (Cap. 57) of Hong Kong.

Staff Development and Support

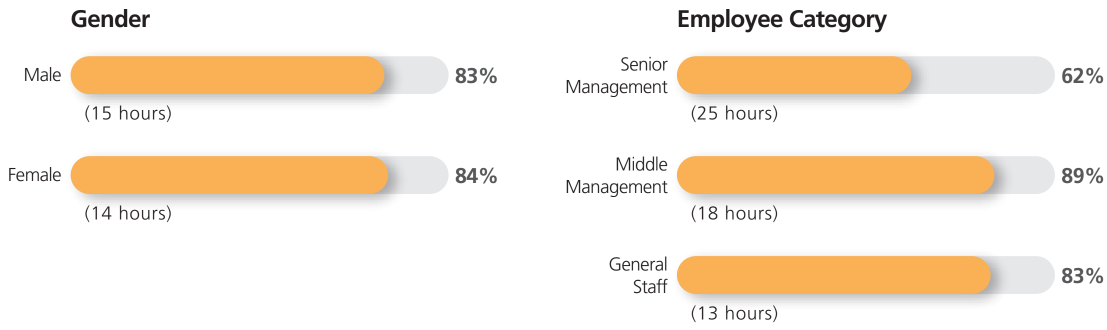
The Group takes responsibilities to support its employees at work, with the aims to enhance their productivity and sense of belonging to the Group.

Training and Development

Training programs are designed for employees according to the needs of different functions and positions, so as to ensure that the materials used, topics covered as well as skills and knowledge taught in the programs are relevant. Coaching by supervisors and job shadowing are also offered to help employees better perform their job duties. On top of that, the Group offers various development opportunities, including job rotation, with the objective to nurture talents for sustaining and growing the Group's business. As an enduring effort to enhance the program design, the Group collects and reviews feedback from employees to identify potential improvement areas regarding these training and development programs. Furthermore, the Group provides subsidies on certain relevant external training courses to eligible employees, as to encourage them to continuously develop knowledge and skills that can contribute to the Group's operations as well as their own career.

A total of 4,869 employees were trained during the Reporting Period, details of percentage of employees trained by gender and employee category, and respective average training hours completed (per trained employee) are as follows:

Employees Trained



Employee Wellbeing

While work performance is a critical aspect of human resource management, the Group equally values employee wellbeing and believes that it is the key of inducing employee loyalty. Working hours and rest periods are set in accordance with the guidelines issued by the local labor authorities. Besides, the Group offers flexible working hours for certain positions with special requirements on working hours. In addition, the Group organizes various recreational activities each year including company outing trip, in which employees are welcome to invite their family members for joining.

Workplace Health and Safety

The Group also strives to build and maintain a working environment that is free of workplace health and safety incidents. Health insurance is provided to employees and different workplace health and safety practices are constantly communicated and promoted to employees. Besides, various control measures are in place to prevent electrical and fire hazards, and regular office housekeeping is also performed to keep office environment clean and tidy. Other policies have also been established in accordance to relevant workplace health and safety laws such as the Labor Law of the People's Republic of China and the Occupational Safety and Health Ordinance (Cap. 509) of Hong Kong to ensure compliance. Meanwhile, occupational health and safety risk should be moderate for the Group's employees, as they mainly work at administrative offices. Regarding construction site health and safety, please refer to the section "Construction Planning and Construction Work".

During the Reporting Period, a total of 1,563 lost days due to work injury were recorded. There was no case of work-related fatalities occurred over the past three years regarding the Group's employees.

Anti-discrimination and Equal Opportunity

Further, the Group makes every effort to provide an inclusive workplace free of discrimination and harassment in all forms, with the belief that an inclusive workplace fosters collaboration between employees and creates harmony. The Group promotes diversity and respects individual differences. Equal opportunities on employment and promotion are provided to employees regardless of their gender, race, ethnic origin, religion, marital status or disabilities as stipulated in the Group's employee handbook; where employees are assessed with objective criteria. The Group is particularly concerned with sexual harassment at workplace, where relating complaints will be handled by Admin and Human Resource departments with strict confidentiality. All anti-discrimination and equal opportunity policies established are in alignment with applicable laws such as the Labor Law of the People's Republic of China and the Sex Discrimination Ordinance (Cap. 480) of Hong Kong.

Environmental Friendly Workplace

The Group is committed to operate its workplace and offices in an environmentally responsible manner, and aims at reducing wastes and improving efficiency in the use of resources. (Where the Group's operations including its offices and properties under management do not generate material amount of emissions and consume material amount of packaging materials, respective disclosures on policies and data are not applicable except for greenhouse gas emissions).

Waste Management

Regarding waste management, the Group adopts the 4R-principle of "reduce", "reuse", "recycle" and "replace" at workplace and establishes different initiatives accordingly. The major type of waste at workplace is paper with some other non-hazardous wastes such as ink cartridge and carton box of smaller amounts, while hazardous wastes produced are of immaterial amount. Several measures targeted at reducing the use of paper include: digitalizing work process with the use of electronic approval as appropriate, encouraging staff to use double-sided printing while collecting single-side printed papers for reuse, as well as promoting the use of recycled papers. To further reduce overall waste generation at workplace, the Group implements other measures. For instance, recycling facilities are provided in offices to separately collect different types of recyclable waste which will be passed to qualified contractors for further processing, where records of recycling are maintained and evaluated regularly to identify improvement areas. Besides, durable food containers, cutlery and cups are primarily used in office, and staff are also encouraged to bring their own utensils. The Group recognizes the importance of staff participation in this respect, and will continue to raise their awareness on waste management while providing support through different initiatives.

Details of amount of paper and other non-hazardous wastes disposed and recycled by the Group directly during the reporting period are as follows:

Non-hazardous Wastes[3]	**2019**	2018
Paper Disposed (kg)	**62,680**	48,383
Intensity per Headcount[4] (kg)	**27.9**	26.5
Paper Recycled[6] (kg)	**21,015**	N/A
Intensity per Headcount (kg)	**9.4**	N/A
Other Non-hazardous Wastes Disposed[5] (kg)	**7,253**	7,111
Intensity per Headcount (kg)	**3.2**	3.9
Other Non-hazardous Wastes Recycled[6] (kg)	**3,993**	N/A
Intensity per Headcount (kg)	**1.8**	N/A

3 Environmental data provided in this report is adjusted according to the Group's shareholding percentage in its joint ventures and associates to reflect actual ownership.

4 Unless otherwise specified, intensity in this report is calculated as amount per headcount that generated the wastes and emissions/consumed the energy.

5 Other Non-hazardous Wastes include ink cartridges, carton boxes, plastic, glass bottles as well as other general wastes.

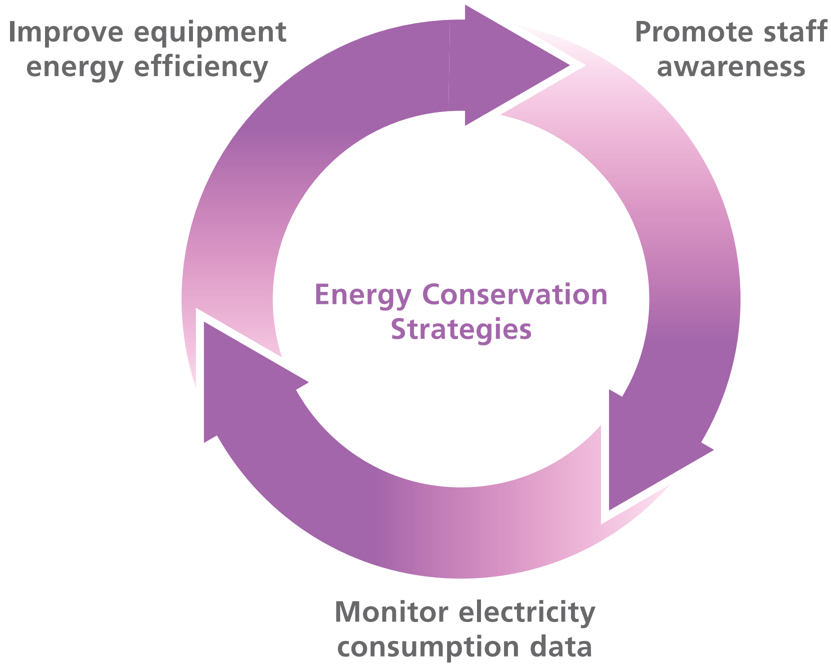
6 No comparative figure on recycling of paper and other non-hazardous wastes for year 2018 is provided, as such data had not been accumulated for disclosure.

The increase in amount of paper waste was largely due to new development projects during the Reporting Period, which led to higher usage of paper. The Group has been recycling non-hazardous wastes as an effort to reduce waste, total amount recycled during the year 2019 was about 25,008kg.

Efficient Use of Resources

To improve the efficiency of the use of resources at workplace, the Group establishes practical and specific resources consumption targets, encourages behavioral changes of employees and implements various resource conservation initiatives in operations.

Understanding energy consumption is the major source of GHG emissions as well as a significant part of operating costs, the Group strives to reduce its energy consumption from both environmental and financial perspectives. The strategies of energy conservation include: improve equipment's energy efficiency through installing energy-efficient electrical appliances and devices such as LED lights, and setting indoor temperature within a specific range to reduce energy consumption of air-conditioning systems; promote staff awareness by posting memos next to power switches for reminding them to switch off idle electrical appliances; and monitor consumption data by assigning coordinators to inspect unnecessary energy consumption, and recording fuel consumption of vehicles to serve as a performance indicator of drivers' performance evaluation.



During the Reporting Period, the major types of energy consumed by the Group were petrol and electricity. Details on consumption amount are as follows:

Energy Consumption[7, 8]	**2019**	2018
Petrol (liter)	**274,268**	267,263
Intensity per Headcount[7] (liter)	**122**	146
Electricity (kWh)	**4,963,344**	4,475,450
Intensity per Headcount (kWh)	**2,212**	2,450

7 Environmental data provided in this report is adjusted according to the Group's shareholding percentage in its joint ventures and associates to reflect actual ownership.

8 The amounts represent the energy directly controlled and consumed by the Group during the Reporting Period. Indirect energy consumptions (i.e. those consumed by its contractors, agents and other third parties engaged by the Group) are excluded.

The Group places equal importance on water conservation in terms of efficient use of resources. Several initiatives, such as regular check of unused running taps and leakage from water pipes or faucets, installation of induction faucets washrooms and display of posters advocating water conservation at prominent places, are implemented at workplace for saving water. The Group faces minimal difficulty in sourcing water for its offices and buildings. Details of water consumption are as follows:

Water Consumption[9, 10]	2019	2018
Water (cubic meter)	**455,739**	341,692
Intensity per Headcount (cubic meter)	**203**	187

9 Environmental data provided in this report is adjusted according to the Group's shareholding percentage in its joint ventures and associates to reflect actual ownership.

10 The amounts represent the water directly controlled and consumed by the Group during the Reporting Period. Indirect water consumptions (i.e. those consumed by its contractors, agents and other third parties engaged by the Group) are excluded.

Greenhouse Gas Emissions

During the Reporting Period, the Group's GHG emissions were mainly resulted from consumption of energy. Whereas consumption of water and production of paper waste contributed a smaller amount as represented by Other Indirect (Scope 3) Emissions.

Greenhouse Gas Emissions[11, 12]	2019	2018
Direct (Scope 1) Emissions (kg CO_2e)	**742,680**	723,710
Intensity per Headcount (kg CO_2e)	**331**	396
Indirect (Scope 2) Emissions (kg CO_2e)	**3,259,758**	2,994,831
Intensity per Headcount (kg CO_2e)	**1,453**	1,640
Other Indirect (Scope 3) Emissions[13] (kg CO_2e)	**679,737**	592,408
Intensity per Headcount (kg CO_2e)	**303**	324

11 Environmental data provided in this report is adjusted according to the Group's shareholding percentage in its joint ventures and associates to reflect actual ownership.

12 The GHG emissions are calculated with reference to the "Reporting Guidance on Environmental KPIs" issued by the Hong Kong Stock Exchange, the "2017 China Regional Power Grid Baseline Emission Factors For Emission Reduction Project" issued by the Ministry of Ecology and Environment and the "Greenhouse gas reporting: conversion factors 2019" issued by the Department for Business, Energy & Industrial Strategy of the UK Government.

13 Include emissions generated from disposal of paper waste, commercial waste and industrial waste, as well as consumption of water by the Group.

BUILDING SUSTAINABLE COMMUNITY

The Group recognizes the importance of sustainable community development. While certain stakeholder groups such as customers, suppliers and employees are directly engaged with the Group in its business operations, other community stakeholders are equally important to the Group. The Group is determined to operate in a responsible manner which avoids harming the interests of these stakeholders and generates positive values to them. Accordingly, the Group endorses market competition through various means and makes community investment.

Fair Competition is the basis of innovation and economic growth, and it should be supported by all corporates, and corruption should be eliminated.

Community Investment is a crucial way for a corporate to give back to society. Inclusive growth is the objective in this respect.

There were no material non-compliance cases noted relating to corruption, bribery, extortion, fraud and money laundering during the Reporting Period. The Group's operations were in compliance with relevant local anti-corruption laws and regulations.

Fair Competition

The Group believes that a fair competitive market environment is the basis of innovation and economic development. The Group considers that integrity and honesty are of paramount importance to gain the trust and respect from stakeholders of the Group.

Anti-Corruption and Whistle-Blowing Channel

The Group upholds the highest standard of integrity throughout its operations. Prudent policies and procedures have been established to provide guidance to employees on upholding business ethics, so as to reduce the risk of unethical or inappropriate business practices resulted from inadequate or unclear internal instructions. Code of conduct has been stipulated in the staff handbook to communicate with staff the proper behaviors and prohibited acts. Anti-corruption trainings were also provided, during the Reporting Period, to staff with reference to the contents of employee handbook. In particular, the Group strictly prohibits all falsifying documents or business records and any soliciting or accepting of advantages to or from clients, suppliers and business partners. Special attention is paid on the supplier selection process to ensure it is fairly carried out to serve its intended purposes. The Group reviews its policies and practices regularly to ensure compliance to relevant laws such as the Criminal Law and Anti-Money Laundering Law of the People's Republic of China and the Prevention of Bribery Ordinance (Cap. 201) of Hong Kong.

To facilitate identification of suspected cases of corruption, money laundering and other misconducts, the Group has established a reporting channel to encourage its staff and business partners to take the initiative in reporting irregularities and suspected cases of fraud, criminal offense as well as non-compliance to laws or internal guidelines to the management for further investigation. Independent management personnel of the involved functions will be assigned to follow-up on the reported cases to ensure impartiality. The Group is committed to protecting the interests of the reporter, and the reported cases will be handled with strict confidentiality.

Intellectual Property Rights

The Group respects intellectual property rights. Employees are required to follow the Group's policies and procedures regarding intellectual property right when making use of materials, pictures, contents as well as all other forms of private intellectual property that are not produced by their own or possessed by the Group in order to comply with relevant laws such as the Patent Law of People's Republic of China and the Patents Ordinance (Cap. 514) of Hong Kong. Besides, the Group has registered its trademark and retained a detailed record of the intellectual property rights it possesses and has in place a system to protect its intellectual property rights.

Community Investment

The Group is dedicated to building a sustainable community where members of all groups are able to share the benefits brought by social and economic development. As such, in addition to fulfilling corporate responsibility in its day-to-day operations, the Group proactively participates in social welfare activities and makes donations. The Group's effort in this regard is recognized, for instance, a silver award was received from The Community Chest of Hong Kong.

For the purpose of enhancing resource allocation efficiency, the Group focuses on sponsoring education, helping the underserved children and supporting people with physical disadvantages.

2018/19 Corporate and Employee Contribution Programme Silver Award

Education

The Group believes that education is vital in enhancing people's human capital, and subsequently creating more opportunities to them for a better future. The community will also benefit in due course by having more educated citizens. Therefore, the Group is enthusiastic in sponsoring education for teenagers. Over the years, the Group has offered various scholarship programs to a number of universities in Mainland China and Hong Kong, arranged interactive activities between students and enterprises, and sponsored tertiary academic activities, namely the "Peking University China Finance 40 Forum Road King Scholarship（北京大學中國金融四十人路勁獎學金班）" jointly launched by the Group, China Finance Academic Think Tank – China Finance 40 Forum and National School of Development of Peking University since 2009, which aims to nurture talents for society, the programs of which are supported by China Finance 40 Forum. For the year 2019, the Group sponsored RMB400,000 to China Finance 40 Forum for scholarships, benefitting 43 students.

On 27 September 2019, the inauguration ceremony for the class of "Peking University China Finance 40 Forum Road King Scholarship（北京大學中國金融四十人路勁獎學金班）" was held at National School of Development of Peking University.

On 8 November 2019, the ELITE Child Plan arranged a visit to Telimu Kindergarten to facilitate the improvement of the living and growth environment of the kindergarten.

Supporting the Underserved Children

Further, the Group places equal emphasis on helping children in poverty with the aim to offer them equal opportunities as children from more financially capable families. Since 2013 the Group has joined hands with China Real Estate Chamber of Commerce and Elite Habitat Development Foundation to launch the ELITE Child Plan, which targets to improve the living and growth environment for those staying in orphanage schools and village kindergarten in the ethnic community of the western regions through various means including donations. As a recognition of the Group's contribution, in 2016, China Real Estate Chamber of Commerce and Elite Habitat Development Foundation awarded the Group "ELITE Public Welfare Pioneer".

Supporting the People with Physical Disadvantages

The Group is also dedicated in supporting people with physical disadvantages to promote community inclusiveness and equal opportunity. In December 2019, the Group and "Lifeline Express" jointly hosted the "Road King Lifeline Express Charity Ride 2019", which was also co-organized by the Kam Tin Rural Committee with the authorization by the Cycling Association of Hong Kong, China. The purpose of the event was to raise funds for Lifeline Express Hospital eye train, a registered charitable organization in Hong Kong which provides free cataract operations for the underprivileged people living in the remote areas in Mainland China, to help those cataract patients to regain vision. On top of the cycling race, a free carnival was set up for the public to join and feel the ambience of the cycling competition. There were more than 1,000 participants, including artists and celebrities. The event has raised approximately HK$1,300,000 which could correspondingly help around 650 cataract patients in Mainland China.

Young cyclists participating in the Charity Ride shared the joy of the event.

Representatives of the Group and Lifeline Express together hosted the launch ceremony.

About
Lifeline Express Supported by the Ministry of Health of the People's Republic of China, "Lifeline Express" started operations since 1997. It provides free cataract surgery on a train hospital to underprivileged patients who live in remote areas in Mainland China. It treats more than 12,000 cataract patients each year, helping them to regain vision.

The Group will continue to devote resources and participate in social welfare activities in the future, with the hope to build a more sustainable community.

EXECUTIVE DIRECTORS

Zen Wei Pao, William *(Co-Chairman)*
Zen Wei Peu, Derek *(Co-Chairman)*
Ko Yuk Bing *(Deputy Chairman, Managing Director and Chief Executive Officer)*
Fong Shiu Leung, Keter *(Finance Director)*

NON-EXECUTIVE DIRECTORS

Mou Yong
Dong Fang

INDEPENDENT NON-EXECUTIVE DIRECTORS

Lau Sai Yung
Tse Chee On, Raymond
Wong Wai Ho

PROPERTY BUSINESS MANAGEMENT COMMITTEE

Ko Yuk Bing *(Chairman)*
Zen Wei Peu, Derek
Fong Shiu Leung, Keter
Chuk Wing Suet, Josephine
Zhang Nan
Diao Lu, Amy
Zhao Min
Tan Qi

AUDIT COMMITTEE

Lau Sai Yung *(Chairman)*
Tse Chee On, Raymond
Wong Wai Ho

NOMINATION COMMITTEE

Zen Wei Pao, William *(Chairman)*
Lau Sai Yung
Wong Wai Ho

REMUNERATION COMMITTEE

Tse Chee On, Raymond *(Chairman)*
Zen Wei Pao, William
Zen Wei Peu, Derek
Lau Sai Yung
Wong Wai Ho

COMPANY SECRETARY

Fong Shiu Leung, Keter

AUDITOR

Deloitte Touche Tohmatsu

SOLICITORS

Beijing Global Law Office
Conyers, Dill & Pearman
Reed Smith Richards Butler

PRINCIPAL BANKERS

The PRC

Agricultural Bank of China Limited
Bank of China Limited
China Construction Bank Corporation
Industrial and Commercial Bank of China Limited

Hong Kong

China CITIC Bank International Limited
Industrial and Commercial Bank of China (Asia) Limited
The Hongkong and Shanghai Banking Corporation Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th Floor, North Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

Suite 501, 5th Floor
Tower 6, The Gateway
9 Canton Road
Tsimshatsui
Kowloon
Hong Kong

SHARE LISTING

The Company's shares are listed on the main board of The Stock Exchange of Hong Kong Limited (Stock Code: 1098)

NOTES, SECURITIES AND BONDS LISTING

The following notes are listed on The Stock Exchange of Hong Kong Limited

– US$500 million 4.7% guaranteed senior notes due 2021 (Stock Code: 4309)

The following notes and securities are listed on the Singapore Exchange Securities Trading Limited

– US$400 million 7.75% guaranteed senior notes due 2021
– US$400 million 7.875% guaranteed senior notes due 2023
– US$480 million 6.7% guaranteed senior notes due 2024
– US$300 million 5.9% guaranteed senior notes due 2025
– US$300 million 7.95% senior guaranteed perpetual capital securities
– US$300 million 7% senior guaranteed perpetual capital securities
– US$300 million 7.75% senior guaranteed fixed-spread perpetual capital securities

The following bonds are listed on the Shanghai Stock Exchange

– RMB1.5 billion 7% domestic bonds due 2021

INVESTOR RELATIONS

Contact Persons:	Lee Tak Fai, Kennedy Tsoi Yuk Gee, Melissa
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E-mail address:	ir@roadking.com.hk

WEBSITES

http://www.roadking.com.hk
http://www.rkph.com

Deloitte. 德勤

To the Shareholders of Road King Infrastructure Limited
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Road King Infrastructure Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages F-7 to F-127, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other 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 Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") 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 ("HKSAs") issued by the 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 judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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.

Key audit matter	How our audit addressed the key audit matter
Revenue recognised from sale of completed properties held for sale	
We identified revenue recognised from sale of completed properties held for sale as a key audit matter as it is quantitatively significant to the consolidated statement of profit or loss. The Group's revenue from sale of completed properties held for sale for the year ended 31 December 2019 amounted to approximately HK$20,623 million, which is disclosed in Note 5 to the consolidated financial statements, representing 96% of the Group's total revenue. As disclosed in Note 3 to the consolidated financial statements, revenue from sale of completed properties held for sale is recognised when control of completed property is transferred to the customer, being at the point that the customer obtains the control of the completed property and the Group has present right to payment and the collection of the consideration is probable.	Our procedures in relation to revenue recognised from sale of completed properties held for sale included: • Obtaining an understanding of and assessing the effectiveness of the Group's internal control over the revenue recognition of sale of completed properties held for sale; • Inspecting, on a sample basis, the terms set out in the sale and purchase agreements to understand the point that the customers obtain the control of the completed properties and the Group has present right to payment and the collection of the consideration is probable; and • Evaluating whether the control of completed properties have been transferred to the customers by checking, on a sample basis, to the terms of the sale and purchase agreements, the relevant completion certificate for construction work and the delivery notice sent to the customers.

Key audit matter	How our audit addressed the key audit matter
Valuation of inventory of properties	
We identified the valuation of inventory of properties, which includes properties under development for sale (the "PUD") and completed properties held for sale (the "PFS") (collectively referred to as the "Properties") as a key audit matter as it is significant to the consolidated financial statements and significant judgments are involved in the determination of the net realisable value (the "NRV") of the Properties. The Group's PUD of approximately HK$30,933 million and PFS of approximately HK$8,388 million are situated in the PRC and Hong Kong as at 31 December 2019 as disclosed in Note 22 to the consolidated financial statements. As set out in Note 4 to the consolidated financial statements, the management of the Group determined the NRV of the PUD with reference to the current market price of properties of a comparable standard and location and construction costs to be incurred to complete the development based on existing asset structure and construction material price lists. The management determined the NRV of the PFS with reference to the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.	Our procedures in relation to valuation of inventory of properties included: • Obtaining an understanding on the management's process of estimating the construction costs to be incurred to complete the development of the PUD and estimating the NRV of the Properties; • Evaluating the reasonableness of the estimated costs to completion of the PUD, on a sample basis, by comparing the budgeted construction costs, to the signed contracts with subcontractors, and actual development cost of similar completed properties of the Group and comparing the adjustments made by the management, on a sample basis, to current market data; and • Assessing the appropriateness of estimated selling price of the Properties, on a sample basis, by comparing it to the recent market prices achieved in the same project or comparable properties, based on our knowledge of the Group's business and the PRC and Hong Kong real estate industry.

Key audit matter	How our audit addressed the key audit matter
Amortisation of toll road operation rights of the infrastructure joint ventures ("JVs")	
We identified amortisation of toll road operation rights of the JVs as a key audit matter because the amortisation involves a significant degree of judgement by the management of the Group. As disclosed in Note 8 to the consolidated financial statements, the amortisation of toll road operation rights for the year ended 31 December 2019 amounted to approximately HK$249 million. As set out in Note 4 to the consolidated financial statements, amortisation of toll road operation rights of the JVs is calculated based on the traffic volume for a particular year to the projected total traffic volume throughout the operating years of the respective toll roads. Estimation of total traffic volume over the remaining concession period is reviewed by the management at the end of each reporting period taking into consideration of the actual traffic volume in the recent periods, the current and future development of the transportation network and government policies of the region, and forecast economic growth of the PRC, etc. In calculating the amortisation, management exercised a significant degree of judgement in considering the changes of the estimation on total traffic volume based on the factors above which may affect both the carrying value of the concession intangible assets of the JVs and the amortisation charges for the remaining concession period. Under the equity method of accounting, it may consequentially cause material adjustment on the share of results of the JVs and interests in the JVs stated in the consolidated financial statements.	Our procedures in relation to the amortisation of toll road operation rights of the JVs included: • Assessing the reasonableness of management's estimation of future traffic volume and determination of the amortisation by making reference to the traffic flow projection prepared by the management, in particular the appropriateness of key assumptions, including the growth rate applied on the projected traffic flow in the remaining concession period, the economic growth and the change of the transportation network of the region as well as government policies related to the toll expressways operation in the PRC; and • Checking the accuracy of significant data inputs, including historical pattern of actual traffic volume underpinning the calculation of amortisation of concession intangible assets used by the management of the Group, on a sample basis, by agreeing the historic number of traffic used in the calculation to the actual traffic volume in the traffic flow projection prepared by the management.

OTHER INFORMATION

The Directors 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.

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.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the 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.

Those charged with governance 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 solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, 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 HKSAs 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 HKSAs, we exercise professional judgment 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.

- 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 those charged with governance 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 identify during our audit.

We also provide those charged with governance 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 those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period 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 Lam Chi Hong.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
23 March 2020

Consolidated Statement of Profit or Loss

For the year ended 31 December 2019

	NOTES	2019 HK$'000	2018 HK$'000
Revenue			
Property sales and service income		**21,178,057**	22,062,449
Other revenue		**316,739**	302,774
Total revenue	5	**21,494,796**	22,365,223
Cost of sales		**(13,985,909)**	(12,300,781)
Gross profit		**7,508,887**	10,064,442
Interest income		**492,564**	778,753
Other income		**117,384**	62,238
Other gains and losses	7	**(114,934)**	(104,394)
Selling expenses		**(572,886)**	(682,454)
Administrative expenses		**(1,043,163)**	(896,345)
Share of results of associates		**122,326**	(14,109)
Share of results of joint ventures	8	**1,166,535**	972,699
Finance costs	9	**(916,766)**	(683,774)
Profit before taxation	10	**6,759,947**	9,497,056
Income tax expenses	12	**(3,083,321)**	(5,798,453)
Profit for the year		**3,676,626**	3,698,603
Profit for the year attributable to:			
Owners of the Company		**3,028,005**	2,988,242
Owners of perpetual capital securities		**371,395**	349,830
Non-controlling interests of subsidiaries		**277,226**	360,531
		3,676,626	3,698,603
Earnings per share	14		
– Basic		**HK$4.04**	HK$3.99
– Diluted		**N/A**	HK$3.99

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

	2019 HK$'000	2018 HK$'000
Profit for the year	**3,676,626**	3,698,603
Other comprehensive expense		
Item that will not be reclassified subsequently to profit or loss:		
Exchange differences arising on translation to presentation currency	**(767,495)**	(936,353)
Total comprehensive income for the year	**2,909,131**	2,762,250
Total comprehensive income for the year attributable to:		
Owners of the Company	**2,342,725**	2,116,696
Owners of perpetual capital securities	**371,395**	349,830
Non-controlling interests of subsidiaries	**195,011**	295,724
	2,909,131	2,762,250

Consolidated Statement of Financial Position

At 31 December 2019

	NOTES	2019 HK$'000	2018 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**183,361**	203,083
Right-of-use assets	16	**162,712**	–
Investment properties	17	**3,813,082**	2,516,218
Interests in associates	18	**908,599**	811,115
Interests in joint ventures	19	**11,898,547**	9,962,924
Deferred tax assets	30	**133,505**	130,176
Amounts due from joint ventures	20	**7,216,954**	10,180,660
Loan receivables	21	**1,043,766**	196,190
Financial assets at fair value through profit or loss ("FVTPL")	25	**361,567**	514,286
Long-term prepayments	24	**36,867**	70,200
		25,758,960	24,584,852
Current assets			
Inventory of properties	22	**39,320,944**	31,614,778
Prepayment for land leases	23	**2,142,964**	606,284
Amounts due from joint ventures	20	**3,243,624**	3,713,510
Loan receivables	21	**426,168**	2,161,126
Debtors, deposits and prepayments	24	**3,310,290**	3,581,178
Prepaid income tax		**1,170,993**	634,225
Financial assets at FVTPL	25	**136,086**	133,564
Pledged bank deposits	26	**721,760**	128,951
Bank balances and cash	26	**14,450,838**	11,793,235
		64,923,667	54,366,851
Total assets		**90,682,627**	78,951,703

Consolidated Statement of Financial Position

At 31 December 2019

	NOTES	2019 HK$'000	2018 HK$'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	27	**74,934**	74,934
Reserves		**18,791,115**	17,323,129
		18,866,049	17,398,063
Perpetual capital securities	37	**6,961,919**	4,632,638
Non-controlling interests of subsidiaries		**2,736,049**	2,736,741
Total equity		**28,564,017**	24,767,442
Non-current liabilities			
Bank and other borrowings	29	**21,822,290**	10,183,873
Deferred tax liabilities	30	**1,058,752**	923,315
Lease liabilities	35	**141,566**	–
		23,022,608	11,107,188
Current liabilities			
Creditors and accrued charges	31	**10,400,432**	9,824,931
Amounts due to joint ventures and an associate	32	**2,897,818**	1,247,350
Amounts due to non-controlling interests of subsidiaries	33	**2,763,049**	–
Contract liabilities	34	**8,481,912**	16,288,131
Lease liabilities	35	**27,087**	–
Income tax payable		**5,797,741**	5,255,537
Bank and other borrowings	29	**8,319,005**	10,461,124
Other financial liabilities	36	**408,958**	–
		39,096,002	43,077,073
Total equity and liabilities		**90,682,627**	78,951,703

The consolidated financial statements on pages F-7 to F-127 were approved and authorised for issue by the Board of Directors on 23 March 2020 and are signed on its behalf by:

Zen Wei Pao, William
DIRECTOR

Zen Wei Peu, Derek
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	Attributable to owners of the Company											
	Share capital HK$'000	**Share premium** HK$'000	**Foreign currency translation reserve** HK$'000	**Special reserve** HK$'000 (note a)	**Other reserve** HK$'000 (note c)	**Share option reserve** HK$'000	**Statutory reserve** HK$'000 (note b)	**Retained profits** HK$'000	**Sub-total** HK$'000	**Perpetual capital securities** HK$'000	**Non-controlling interests of subsidiaries** HK$'000	**Total equity** HK$'000
Balance at 31 December 2017	74,814	3,215,627	1,772,340	1,260,000	–	731	2,180,366	7,131,200	15,635,078	4,633,096	1,346,252	21,614,426
Effect arising from initial application of HKFRS 15	–	–	–	–	–	–	–	(57,077)	(57,077)	–	–	(57,077)
Balance at 1 January 2018 (restated)	74,814	3,215,627	1,772,340	1,260,000	–	731	2,180,366	7,074,123	15,578,001	4,633,096	1,346,252	21,557,349
Profit for the year	–	–	–	–	–	–	–	2,988,242	2,988,242	349,830	360,531	3,698,603
Exchange differences arising on translation to presentation currency	–	–	(871,546)	–	–	–	–	–	(871,546)	–	(64,807)	(936,353)
Total comprehensive (expense) income for the year	–	–	(871,546)	–	–	–	–	2,988,242	2,116,696	349,830	295,724	2,762,250
Sub-total	74,814	3,215,627	900,794	1,260,000	–	731	2,180,366	10,062,365	17,694,697	4,982,926	1,641,976	24,319,599
Issue of ordinary shares upon exercise of share options	120	9,167	–	–	–	(731)	–	–	8,556	–	–	8,556
Release upon deregistration of subsidiaries of the Company	–	–	(35,290)	–	–	–	(56,792)	92,082	–	–	–	–
Subscription of shares by non-controlling interest of a subsidiary (note d)	–	–	(124,630)	–	1,002,963	–	–	(374,240)	504,093	–	1,495,907	2,000,000
Capital contributions from non-controlling interests of subsidiaries	–	–	–	–	–	–	–	–	–	–	19,810	19,810
Distributions paid for perpetual capital securities	–	–	–	–	–	–	–	–	–	(350,288)	–	(350,288)
Dividends (note 13)	–	–	–	–	–	–	–	(809,283)	(809,283)	–	–	(809,283)
Dividend paid or payable for non-controlling interests of subsidiaries	–	–	–	–	–	–	–	–	–	–	(420,952)	(420,952)
Appropriation	–	–	–	–	–	–	616,913	(616,913)	–	–	–	–
Balance at 31 December 2018	74,934	3,224,794	740,874	1,260,000	1,002,963	–	2,740,487	8,354,011	17,398,063	4,632,638	2,736,741	24,767,442
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**3,028,005**	**3,028,005**	**371,395**	**277,226**	**3,676,626**
Exchange differences arising on translation to presentation currency	**–**	**–**	**(685,280)**	**–**	**–**	**–**	**–**	**–**	**(685,280)**	**–**	**(82,215)**	**(767,495)**
Total comprehensive (expense) income for the year	**–**	**–**	**(685,280)**	**–**	**–**	**–**	**–**	**3,028,005**	**2,342,725**	**371,395**	**195,011**	**2,909,131**
Sub-total	**74,934**	**3,224,794**	**55,594**	**1,260,000**	**1,002,963**	**–**	**2,740,487**	**11,382,016**	**19,740,788**	**5,004,033**	**2,931,752**	**27,676,573**
Issue of perpetual capital securities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,307,716**	**–**	**2,307,716**
Release upon deregistration of subsidiaries of the Company	**–**	**–**	**(19,468)**	**–**	**–**	**–**	**–**	**19,468**	**–**	**–**	**–**	**–**
Capital contributions from non-controlling interests of subsidiaries (note f)	**–**	**–**	**–**	**–**	**390,000**	**–**	**–**	**–**	**390,000**	**–**	**201,222**	**591,222**
Reclassified from equity to other financial liabilities (note f)	**–**	**–**	**–**	**–**	**(390,000)**	**–**	**–**	**–**	**(390,000)**	**–**	**–**	**(390,000)**
Return of capital contribution to a non-controlling interest of a subsidiary (note e)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**9,478**	**9,478**	**–**	**(146,925)**	**(137,447)**
Distributions paid for perpetual capital securities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(349,830)**	**–**	**(349,830)**
Dividends (note 13)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(884,217)**	**(884,217)**	**–**	**–**	**(884,217)**
Dividend paid or payable for non-controlling interests of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(250,000)**	**(250,000)**
Appropriation	**–**	**–**	**–**	**–**	**–**	**–**	**657,071**	**(657,071)**	**–**	**–**	**–**	**–**
Balance at 31 December 2019	**74,934**	**3,224,794**	**36,126**	**1,260,000**	**1,002,963**	**–**	**3,397,558**	**9,869,674**	**18,866,049**	**6,961,919**	**2,736,049**	**28,564,017**

Notes:

(a) Special reserve was arisen on group reorganisation and represents the difference between the nominal amount of the share capital issued by the Company and the aggregate of the nominal amount of the issued share capital of a subsidiary, which was acquired by the Company pursuant to the then group reorganisation.

(b) The statutory reserve of the Company and its subsidiaries (the "Group") represents the reserve required by relevant laws of the People's Republic of China ("PRC") applicable to the Company's PRC subsidiaries.

(c) Other reserve represents the transfers between the relevant reserves attributable to the shareholders of the Company and the non-controlling interests of subsidiaries upon the partial disposal of interests in subsidiaries as detailed in notes (d) and (f).

(d) On 2 August 2018, Asia Belt and Road Expressway Company Limited (the "Investor"), a company independent of the Group, the Company and Road King Expressway International Holdings Limited ("RKE"), a wholly-owned subsidiary of the Company, entered into subscription agreement pursuant to which RKE has agreed to allot and issue, and the Investor has agreed to subscribe for 166,666,667 shares of RKE at the subscription price of US Dollars equivalent of HK$2,000,000,000. Upon completion of the share subscription on 4 October 2018, the Investor held 25% equity interest in RKE, which was considered as a non-wholly owned subsidiary of the Company.

(e) During the year ended 31 December 2019, a subsidiary of the Company has returned the registered capital to one of its minority shareholder at a cash consideration of HK$137,447,000 resulting the increase of shareholding held by the Group from 55% to 64.71%.

(f) As detailed in note 36, an independent investor provided capital contribution of US$50,000,000 (equivalent to HK$390,000,000) to a subsidiary of the Company and obtained 26.32% shareholding in the subsidiary. The investor has certain options to put back the shares to the Group. The effect on the non-controlling interest upon the change in shareholding is considered insignificant to the Group and the capital contribution of HK$390,000,000 from the investor is recognised in other reserve and then reclassified to other financial liabilities.

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	2019 HK$'000	2018 HK$'000
Operating activities		
Profit before taxation	**6,759,947**	9,497,056
Adjustments for:		
Depreciation of property, plant and equipment	**23,724**	30,911
Depreciation of right-of-use assets	**32,688**	–
Impairment loss on loan receivables	**40,417**	–
Impairment loss on long-term prepayments	**33,975**	–
Fair value gains on transfer of completed properties held for sale to investment properties	**(58,334)**	–
Change in fair value of investment properties	**(18,351)**	(75,002)
Change in fair value of financial asset at FVTPL – relating to the investment in an unlisted entity	**120,045**	–
Change in fair value of financial assets at FVTPL – relating to the foreign currency forward contracts	**(142,109)**	(182,627)
Net exchange losses	**118,391**	396,015
Interest income	**(492,564)**	(778,753)
Finance costs	**916,766**	683,774
Net losses on disposal of subsidiaries	**285**	339
Gain on disposal of interests in joint ventures	**(12,289)**	(33,330)
Share of results of associates	**(122,326)**	14,109
Share of results of joint ventures	**(1,166,535)**	(972,699)
Net losses (gains) on disposals/written off of property, plant and equipment	**32,904**	(1,001)
Operating cash flows before movements in working capital	**6,066,634**	8,578,792
Decrease (increase) in debtors, deposits and prepayments	**63,116**	(814,163)
(Increase) decrease in completed properties held for sale	**(1,625,128)**	388,361
Decrease in properties under development for sale	**5,506,767**	4,003,722
(Decrease) increase in creditors and accrued charges	**(605,092)**	1,533,515
Decrease in contract liabilities	**(8,673,532)**	(990,226)
Payment for land leases	**(9,514,131)**	(3,267,146)
Cash (used in) generated from operations	**(8,781,366)**	9,432,855
Income tax paid	**(2,682,867)**	(2,572,024)
Net cash (used in) generated from operating activities	**(11,464,233)**	6,860,831

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	NOTES	2019 HK$'000	2018 HK$'000
Investing activities			
Cash distributions/dividends received from joint ventures		**732,228**	767,810
Additions to investment properties		**(111)**	(3,171)
Interest received		**295,300**	120,485
Purchases of property, plant and equipment		**(45,195)**	(95,357)
Proceeds on disposal of property, plant and equipment		**3,437**	1,148
Proceeds on disposal of investment properties		**103,327**	17,156
Net cash inflows from acquisition of subsidiaries	42	**1,463,321**	461,526
Net cash inflows from disposal of subsidiaries	43	**27,874**	382,143
Net cash inflows from disposal of interests in joint ventures		**17,778**	97,565
Additions to loan receivables		**(493,002)**	(1,006,363)
Repayment of loan receivables		**399,426**	46,244
Proceeds from settlement of financial assets at FVTPL		**140,211**	–
Payment for financial assets at FVTPL		**–**	(514,286)
Advances to joint ventures		**(4,293,305)**	(4,759,181)
Repayment from joint ventures		**5,790,605**	4,020,559
Decrease in pledged bank deposits		**30,858**	61,453
Increase in restricted bank balances		**(92,199)**	(519,380)
Capital contributions to associates		**–**	(34,292)
Acquisition of/capital contributions to joint ventures		**(2,079,429)**	(2,277,800)
Return of capital contributions from joint ventures		**13,014**	–
Net cash from (used in) investing activities		**2,014,138**	(3,233,741)
Financing activities			
New borrowings raised		**22,687,666**	5,161,272
Repayment of borrowings		**(14,419,262)**	(6,036,549)
Funds raising from other financial liabilities		**390,000**	–
Repayment of lease liabilities		**(33,629)**	–
Issue of ordinary shares		**–**	8,556
Issue of perpetual capital securities		**2,307,716**	–
Subscription of shares by non-controlling interest of a subsidiary		**–**	2,000,000
Capital contributions from non-controlling interests of subsidiaries		**201,222**	19,810
Return of capital contributions from non-controlling interest of a subsidiary		**(137,447)**	–
Advances from non-controlling interests of subsidiaries		**2,763,049**	–
Advances from joint ventures and an associate		**1,912,806**	1,047,881
Repayment to joint ventures and an associate		**(207,778)**	–
Dividends paid for non-controlling interests of subsidiaries		**(225,000)**	(220,952)
Distributions paid for perpetual capital securities		**(349,830)**	(350,288)
Dividends paid		**(884,217)**	(809,283)
Interest paid		**(1,693,321)**	(1,383,811)
Net cash from (used in) financing activities		**12,311,975**	(563,364)
Net increase in cash and cash equivalents		**2,861,880**	3,063,726
Cash and cash equivalents at beginning of the year		**10,673,126**	7,926,458
Effect of foreign exchange rate changes		**(296,476)**	(317,058)
Cash and cash equivalents at end of the year, represented by bank balances and cash		**13,238,530**	10,673,126
Analysis of the balances of cash and cash equivalents			
Bank balances and cash	26	**14,450,838**	11,793,235
Less: restricted bank balances	26	**(1,212,308)**	(1,120,109)
		13,238,530	10,673,126

1. GENERAL

The Company is an exempted company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and principal place of business of the Company is Suite 501, 5/F, Tower 6, The Gateway, 9 Canton Road, Tsimshatsui, Kowloon, Hong Kong.

The Company acts as an investment holding company. The principal activities of the Group are the operation of property development and investment, investment and asset management businesses in Hong Kong and the PRC and the development, operation and management of toll roads through the infrastructure joint ventures in the PRC and Indonesia. The principal activities of the major subsidiaries, associates and joint ventures are detailed in notes 50, 18 and 19 respectively.

The functional currency of the Company and its major subsidiaries and the Group's major joint ventures and associates is Renminbi. However, the consolidated financial statements of the Group are presented in Hong Kong dollars as the directors of the Company (the "Directors") consider this presentation is more useful for its current and potential investors.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

2.1 New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(CONTINUED)*

2.1 New and amendments to HKFRSs that are mandatorily effective for the current year *(Continued)*

(a) HKFRS 16 "Leases"

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 "Leases", and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

(i) elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and

(ii) applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in the PRC was determined on a portfolio basis.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(CONTINUED)*

2.1 New and amendments to HKFRSs that are mandatorily effective for the current year *(Continued)*

(a) HKFRS 16 "Leases" *(Continued)*

As a lessee *(Continued)*

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 5.04% per annum.

	HK$'000
Operating lease commitments disclosed as at 31 December 2018	65,098
Lease liabilities discounted at relevant incremental borrowing rates	59,247
Less: Recognition exemption – short-term leases	(8,719)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 as at 1 January 2019	50,528
Analysed as:	
– Current	9,925
– Non-current	40,603
	50,528

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	HK$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16 – office premises	50,528

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(CONTINUED)*

2.1 New and amendments to HKFRSs that are mandatorily effective for the current year *(Continued)*

(a) HKFRS 16 "Leases" *(Continued)*

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

(a) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's consolidated statement of financial position at 1 January 2019. However, effective from 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

(b) Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied under trade and other payables. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. The Group currently had insignificant balances of refundable rental deposits and advance lease payments.

(c) Effective on 1 January 2019, the Group has applied HKFRS 15 "Revenue from Contracts with Customers" to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the consolidated financial statements of the Group for the current year.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(CONTINUED)*

2.1 New and amendments to HKFRSs that are mandatorily effective for the current year *(Continued)*

(a) HKFRS 16 "Leases" *(Continued)*

As a lessor *(Continued)*

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 HK$'000	Adjustments HK$'000	Carrying amounts under HKFRS 16 at 1 January 2019 HK$'000
Non-current assets			
Right-of-use assets	–	50,528	50,528
Current liabilities			
Lease liabilities	–	9,925	9,925
Non-current liabilities			
Lease liabilities	–	40,603	40,603

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2019 as disclosed above.

No adjustments have been made, in the application of HKFRS 16 as a lessor, on the Group's consolidated statement of financial position as at 31 December 2019 and its consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the year ended.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(CONTINUED)*

2.1 New and amendments to HKFRSs that are mandatorily effective for the current year *(Continued)*

(b) Amendments to HKAS 28 "Long-term Interests in Associates and Joint Ventures"

The amendments clarify that an entity applies HKFRS 9 "Financial Instruments", including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied that form part of the net investment in the investee. Furthermore, in applying HKFRS 9 to long-term interests, an entity does not take into account adjustments to their carrying amount required by HKAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with HKAS 28). The application of amendments to HKAS 28 does not have a significant impact to the consolidated financial statements of the Group.

2.2 New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after 1 January 2021.
2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the "Amendments to References to the Conceptual Framework in HKFRS Standards", will be effective for annual periods beginning on or after 1 January 2020.

Except for the new and amendments to HKFRSs mentioned below, the Directors anticipate that the application of all new and amendments to HKFRSs will have no material impact on the Group's consolidated financial statements in the foreseeable future.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(CONTINUED)*

2.2 New and amendments to HKFRSs in issue but not yet effective *(Continued)*

(a) Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

- include the concept of "obscuring" material information in which the effect is similar to omitting or misstating the information;
- replace threshold for materiality influencing users from "could influence" to "could reasonably be expected to influence"; and
- include the use of the phrase "primary users" rather than simply referring to "users" which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group's annual period beginning on 1 January 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

(b) Conceptual Framework for Financial Reporting 2018 (the "New Framework") and the Amendments to References to the Conceptual Framework in HKFRS Standards

The New Framework:

- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(CONTINUED)*

2.2 New and amendments to HKFRSs in issue but not yet effective *(Continued)*

(b) Conceptual Framework for Financial Reporting 2018 (the "New Framework") and the Amendments to References to the Conceptual Framework in HKFRS Standards *(Continued)*

Consequential amendments have been made so that references in certain HKFRSs have been updated to the New Framework, whilst some HKFRSs are still referred to the previous versions of the framework. These amendments are effective for annual periods beginning on or after 1 January 2020, with earlier application permitted. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16 (1 January 2019) or HKAS 17 (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that the results of the valuation technique equals the transaction price.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to owners of Company, to owners of the perpetual capital securities and to non-controlling interests of subsidiaries. Total comprehensive income and expense of subsidiaries attributed to owners of the Company, to owners of the perpetual capital securities and to non-controlling interests even if this results in non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and, (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9, or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to the financial assets/financial liabilities at the respective fair value, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Revenue from contracts with customers *(Continued)*

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group's performance completed to date, the Group recognises revenue in the amount to which the Group has the right to invoice.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Revenue from contracts with customers *(Continued)*

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For advance payments received from customers before the transfer of the associated goods or services in which the Group adjusts for the promised amount of consideration for a significant financing component, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The relevant interest expenses during the period between the advance payments were received and the transfer of the associated goods and services are accounted for on the same basis as other borrowing costs.

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs (sales commissions) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

Others

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the Group's right to receive payment has been established.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Ownership interests in leasehold land and building

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "right-of-use assets" (upon application of HKFRS 16) in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes).

Effective from 1 January 2019, investment properties also include leased properties which are being recognised as right-of-use assets upon application of HKFRS 16.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair value, adjusted to exclude any prepaid or accrued operating lease income. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposal. Effective from 1 January 2019, a leased property which is recognised as a right-of-use asset upon application of HKFRS 16 is derecognised if the Group as intermediate lessor classifies the sublease as a finance lease. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the item is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Interests in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's infrastructure joint ventures are Sino-foreign co-operative joint ventures registered in the PRC in respect of which the partners' cash/profit sharing ratios until the expiration of the joint venture periods are predetermined in accordance with the joint venture agreements and may not be in proportion to their capital contribution ratios.

The results and assets and liabilities of associates and joint ventures are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, investments in associates and joint ventures are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates and joint ventures based on the predetermined profit sharing ratio. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group.

When the Group's share of losses of an associate or a joint venture equals or exceeds its interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Interests in associates and joint ventures *(Continued)*

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

Toll road operation rights of joint ventures

When applying the equity method of accounting, the concession intangible assets, which are the toll road operation rights of the Group's infrastructure joint ventures, are amortised to write off their cost over their expected useful lives or the remaining concession period, whichever is shorter, commencing from the date of commencement of operation of the underlying toll roads using an amortisation method which reflects the pattern in which the intangible asset's future economic benefits are expected to be consumed. The annual amortisation is calculated by applying the ratio of actual traffic volume of the underlying toll roads compared to the total expected traffic volume of the underlying toll roads over the respective remaining concession period to the net carrying value of the assets. The expected useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Impairment of property, plant and equipment, right-of-use assets and long-term prepayments

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and long-term prepayments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment, right-of-use assets and long-term prepayments are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measureable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Inventory of properties

Properties under development which are intended to be sold upon completion of development and properties held for sale are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets upon the application of HKFRS 16, properties under development/properties held for sale are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales.

Properties under development are transferred to properties held for sale upon completion.

The Group transfers a property from inventory of properties to investment properties when there is a change in use to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the inception of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Effective from 1 January 2019, any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items, and on the re-translation of monetary items, are recognised in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's entities and its joint ventures are translated into the presentation currency of the Group at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests of subsidiaries as appropriate).

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Leases

Definition of a lease (upon application of HKFRS 16 in accordance with transitions in note 2)

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2)

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of office premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Leases *(Continued)*

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) *(Continued)*

Right-of-use assets *(Continued)*

Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property or inventory as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property or inventory are presented within "investment properties" and "inventory of properties", respectively.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Leases *(Continued)*

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) *(Continued)*

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities and lease incentives from lessor by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessee (prior to 1 January 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All the other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight line basis over the lease term.

Lease incentives relating to operating leases are considered as integral part of lease payments, the aggregate benefit of incentives is recognised as a reduction of rental expense on a straight line basis.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model. Upon application of HKFRS 16 on 1 January 2019, variable lease payments for operating leases that depend on an index or a rate are estimated and included in the total lease payments to be recognised on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise.

Rental income which are derived from the Group's ordinary course of business are presented as revenue.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Leases *(Continued)*

The Group as a lessor (upon application of HKFRS 16 in accordance with transitions in note 2)

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Retirement benefit costs

Payments to the state-managed retirement benefit scheme operated by the government and the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the profit before taxation because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductibles temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Taxation *(Continued)*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in joint ventures and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12 "Income Taxes" (i.e. based on the expected manner as to how the properties will be recovered).

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade debtors arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income which are derived from the Group's ordinary course of business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets *(Continued)*

(i) *Amortised cost and interest income*

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) *Financial assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets and financial guarantee contracts

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other debtors, loan receivables, amounts due from joint ventures, pledged bank deposits and bank balances) and financial guarantee contracts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12m ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade debtors. The ECL on these assets are assessed individually.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and financial guarantee contracts *(Continued)*

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and financial guarantee contracts *(Continued)*

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) the disappearance of an active market for that financial asset because of financial difficulties; or

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and financial guarantee contracts *(Continued)*

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16 (since 1 January 2019) or HKAS 17 (prior to 1 January 2019).

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other debtors, amounts due from related parties and loan receivables are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and financial guarantee contracts *(Continued)*

(v) Measurement and recognition of ECL (Continued)

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with HKFRS 9, and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade debtors and financial guarantee contracts, where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

A contract that contains an obligation for an entity to purchase its own equity instruments for cash or another financial asset gives rise to a financial liability for the present value of the redemption amount.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(Continued)*

Financial liabilities and equity *(Continued)*

Financial liabilities at amortised cost

Financial liabilities including creditors and accrued charges, bank and other borrowings, amounts due to joint ventures and an associate, amounts due to non-controlling interests of subsidiaries and other financial liabilities are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with HKFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of HKFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortised cost or fair value as appropriate.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of HKFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Generally, multiple embedded derivatives in a single instrument that are separated from the host contracts are treated as a single compound embedded derivative unless those derivatives relate to different risk exposures and are readily separable and independent of each other.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

Share-based payments

Equity-settled share-based payments to employees and the Directors providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Amortisation of toll road operation rights

Amortisation of toll road operation rights of the Group's infrastructure joint ventures is calculated based on the traffic volume for a particular year to the projected total traffic volume throughout the operating years of the respective toll roads. Estimation of total traffic volume over the remaining concession period is reviewed by the management at the end of each reporting period taking into consideration of the actual traffic volume in the recent periods, the current and future development of the transportation network and government policies of the region, and forecast economic growth of the PRC, etc. Adjustments may need to be made to the Group's share of amortisation of toll road operation rights of infrastructure joint ventures should there be a material difference between the projected total traffic volume and the actual volume. The carrying amount of interests in infrastructure joint ventures at 31 December 2019 is HK$4,266,324,000 (2018: HK$3,161,416,000).

Net realisable values of inventory of properties

The assessment of the net realisable values of the properties under development for sale involves, inter-alia, considerable analysis of current market price of properties of a comparable standard and location and construction costs to be incurred to complete the development based on existing asset structure and construction material price lists. If the actual net realisable values of the underlying properties under development for sale are more or less than expected as a result of change in market condition and/or significant variation in the budgeted development cost, material reversal of or provision for impairment losses may result. The carrying amount of properties under development for sale at 31 December 2019 is HK$30,933,015,000 (2018: HK$27,349,786,000).

In addition, management exercises its judgment in making allowance for inventory of completed properties held for sale with reference to the existing market environment, the sales performance in previous years and estimated net realisable value of the properties, i.e. the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. A specific allowance for completed properties held for sale is made if the estimated net realisable value of the properties is lower than its carrying amount. If the actual net realisable values of the completed properties held for sale are less than expected as a result of change in market condition, material provision for impairment losses may result. The carrying amount of the completed properties held for sale at 31 December 2019 is HK$8,387,929,000 (2018: HK$4,264,992,000).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(CONTINUED)*

Provision of ECL for loan receivables

Loan receivables are assessed for ECL individually. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered by the Group.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's loan receivables are disclosed in note 40.

Fair value measurements and valuation processes

Some of the Group's assets are measured at fair value for financial reporting purposes. The Directors are responsible for determining the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Directors work closely with the independent qualified professional valuers to establish the appropriate valuation techniques and inputs to the model. The Directors regularly assess the impact and the cause of fluctuations in the fair value of the assets and liabilities.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments and investment properties. Notes 40(c) and 17 provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities.

Land appreciation tax

The Group is subject to land appreciation tax in the PRC. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and certain projects of the Group have not finalised their land appreciation tax calculations and payments with the local tax authorities in the PRC. Accordingly, significant estimate is required in determining the amount of land appreciation and its related income tax provisions. The Group recognised the land appreciation tax based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the periods in which such tax is finalised with local tax authorities.

5. REVENUE

(i) Disaggregation of the Group's revenue from contracts with customers

Segment	2019 Property development and investment HK$'000	2019 Investment and asset management HK$'000	2019 Total HK$'000	2018 Property development and investment HK$'000	2018 Investment and asset management HK$'000	2018 Total HK$'000
Types of goods or services						
Property sales	**20,323,283**	**300,007**	**20,623,290**	21,379,649	11,153	21,390,802
Property management and service income	**518,851**	**35,916**	**554,767**	647,336	24,311	671,647
Total	**20,842,134**	**335,923**	**21,178,057**	22,026,985	35,464	22,062,449
Geographical market						
Mainland China	**20,842,134**	**335,923**	**21,178,057**	22,026,985	35,464	22,062,449
Timing of revenue recognition						
Goods recognised at a point in time	**20,323,283**	**300,007**	**20,623,290**	21,379,649	11,153	21,390,802
Services recognised over time	**518,851**	**35,916**	**554,767**	647,336	24,311	671,647
Total	**20,842,134**	**335,923**	**21,178,057**	22,026,985	35,464	22,062,449

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

Segment	2019 Property development and investment HK$'000	2019 Investment and asset management HK$'000	2019 Total HK$'000	2018 Property development and investment HK$'000	2018 Investment and asset management HK$'000	2018 Total HK$'000
Revenue from contracts with customers	**20,842,134**	**335,923**	**21,178,057**	22,026,985	35,464	22,062,449
Fund investment income (note)	**–**	**193,932**	**193,932**	–	173,874	173,874
Gross rental and other income from commercial properties	**119,592**	**3,215**	**122,807**	116,173	12,727	128,900
Other revenue	**119,592**	**197,147**	**316,739**	116,173	186,601	302,774
Total revenue of the Group (note 6)	**20,961,726**	**533,070**	**21,494,796**	22,143,158	222,065	22,365,223

Note: It mainly represents interest revenue on loan receivables calculated by using effective interest method.

5. REVENUE *(CONTINUED)*

(ii) Total Revenue of the Group

	2019 HK$'000	2018 HK$'000
Property sales and service income	**21,178,057**	22,062,449
Fund investment income	**193,932**	173,874
Gross rental and other income from commercial properties (note)	**122,807**	128,900
Total revenue of the Group	**21,494,796**	22,365,223
Group's share of revenue of property joint ventures and associates	**8,116,672**	3,048,339
Group's share of toll revenue of infrastructure joint ventures	**1,556,856**	1,575,363
Revenue of the Group and Group's share of revenue of joint ventures and associates	**31,168,324**	26,988,925

Note: The rental related outgoings were insignificant to the Group.

(iii) Performance obligations for contracts with customers

Property sales

For contracts entered into with customers on sale of properties, the relevant properties specified in the contracts are based on customer's specifications with no alternative use. Taking into consideration of the relevant contract terms and the legal environment in the PRC, the Group concluded that the Group does not have an enforceable right to payment prior to transfer of the relevant properties to customers. Revenue from sales of residential properties is therefore recognised at a point in time when the completed property is transferred to customers, being at the point that the customer obtains the control of the completed property and the Group has present right to payment and collection of the consideration is probable.

The Group receives 30% to 100% of the contract value as deposits from customers when they sign the sale and purchase agreement while construction work of property is still ongoing. Certain customers who use mortgage loans provided by the banks and the remaining total contract value will be paid to the Group from the banks once the customers meet the requirements of the banks. Such advance payment schemes result in contract liabilities being recognised throughout the property construction period for the full amount of the contract price.

5. REVENUE *(CONTINUED)*

(iii) Performance obligations for contracts with customers *(Continued)*

Property sales *(Continued)*

The Group considers the advance payment schemes contain significant financing component and accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the Group. As this accrual increases the amount of the contract liability during the period of construction, it increases the amount of revenue recognised when control of the completed property is transferred to the customer. The Group has applied the practical expedient in HKFRS 15 and has not considered the financing component of contracts which are expected to be completed within one year from the date of payment made by customers.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

Property management and service income

It mainly consists of property management services where the Group acts as principal and is primary responsible for providing the property management services to the property owners, the Group bills a fixed rate for services provided on a monthly/regular basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed. As the property owners simultaneously receives and consumes the benefit provided by the Group's performance as the Group performs, the Group recognises the fee received or receivable from property owners as its revenue over time and all related property management costs as its cost of services.

(iv) Transaction price allocated to the remaining performance obligation for contracts with customers

Certain property sales contracts have an original expected duration of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

For property sales contracts with an original duration of over one year, the transaction price allocated to the remaining performance obligations from property sales (unsatisfied or partially unsatisfied) as at 31 December 2019 amounting to HK$9 billion (2018: HK$14.8 billion). Management expects that the amount will be recognised beyond one year (2018: 84% recognised within one year and 16% recognised more than one year). The amount disclosed above does not include unsatisfied performance obligation that were related to the Group's contracts with customers with an original duration of one year or less.

All property management and service income are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5. REVENUE *(CONTINUED)*

(v) Leases (2018: operating leases)

	2019 HK$'000	2018 HK$'000
Fixed lease payments	**109,871**	115,258
Variable lease payments that do not depend on an index or a rate	**12,936**	13,642
Total for the year	**122,807**	128,900

6. SEGMENT INFORMATION

The Group's operating segments, based on the information reported to the Group's chief operating decision maker for the purpose of resources allocation and assessment of performance are as follows:

Property development and investment – development of properties for sale and for rental income and/or potential capital appreciation

Toll road – development, operation and management of toll roads

Investment and asset management – property development and investment, integrated with fund, cultural, tourist and commercial, entertainment and content development businesses

No other operating segments have been aggregated in arriving at the reportable segments of the Group.

The following is an analysis of the Group's revenue, profit, assets, liabilities and other information by operating and reportable segments for the years under review:

	2019				2018			
	Property development and investment HK$'000	**Toll road HK$'000**	**Investment and asset management HK$'000**	**Total HK$'000**	Property development and investment HK$'000	Toll road HK$'000	Investment and asset management HK$'000	Total HK$'000
Segment revenue	**20,961,726**	**–**	**533,070**	**21,494,796**	22,143,158	–	222,065	22,365,223
Segment profit	**3,101,007**	**622,536**	**8,682**	**3,732,225**	2,959,317	578,446	245,847	3,783,610
Segment assets (including interests in joint ventures and associates)	**74,550,446**	**5,816,752**	**8,338,346**	**88,705,544**	63,643,205	5,299,866	7,902,496	76,845,567
Segment liabilities	**(56,494,074)**	**(374,406)**	**(3,455,149)**	**(60,323,629)**	(48,875,061)	(269,898)	(3,313,815)	(52,458,774)

6. SEGMENT INFORMATION *(CONTINUED)*

(a) Measurement

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3.

Segment profit represents profit earned by each segment, which includes share of results of associates, share of results of joint ventures, net losses on disposal of subsidiaries, gains on disposal of interests in joint ventures, net (losses) gains on disposals/written off of property, plant and equipment, impairment losses on loan receivables and long-term prepayments, fair value gains on transfer of completed properties held for sale to investment properties, change in fair value of investment properties, change in fair value of financial assets at FVTPL, net exchange losses, depreciation of property, plant and equipment and right-of-use assets, relevant interest income, finance costs and income tax expenses attributable to the relevant segment but without allocation of headquarters income and expenses.

Segment revenue comprises revenue from external customers. There was no inter-segment revenue.

Segment assets include property, plant and equipment, right-of-use assets, investment properties, interests in associates, interests in joint ventures, long-term prepayments, inventory of properties, prepayment for land leases, amounts due from joint ventures, loan receivables, debtors, deposits and prepayments, prepaid income tax, financial assets at FVTPL, pledged bank deposits, bank balances and cash and deferred tax assets which are directly attributable to the relevant reportable segment.

Segment liabilities include creditors and accrued charges, amounts due to joint ventures and an associate, amounts due to non-controlling interests of subsidiaries, contract liabilities, lease liabilities, income tax payable, bank and other borrowings, other financial liabilities and deferred tax liabilities which are directly attributable to the relevant reportable segment.

Additions to non-current assets are the total costs incurred during the year to acquire segment assets that are expected to be used for more than one year and comprise purchase of property, plant and equipment, right-of-use assets, long-term prepayments, investment properties and capital contributions to joint ventures and associates directly attributable to the segment.

6. SEGMENT INFORMATION *(CONTINUED)*

(b) Reconciliation of total segment profit, total segment assets and total segment liabilities

	2019 HK$'000	2018 HK$'000
Total segment profit	**3,732,225**	3,783,610
Unallocated items:		
Interest income	**38,862**	4,252
Corporate income	**–**	92
Corporate expenses	**(18,423)**	(33,395)
Finance costs	**(76,038)**	(55,956)
Consolidated profit for the year	**3,676,626**	3,698,603
Total segment assets	**88,705,544**	76,845,567
Unallocated assets:		
Property, plant and equipment	**10**	19
Right-of-use assets	**32,731**	–
Deposits and prepayments	**18,093**	60,014
Financial assets at FVTPL	**13,610**	26,713
Bank balances and cash	**1,912,639**	2,019,390
Consolidated total assets	**90,682,627**	78,951,703
Total segment liabilities	**(60,323,629)**	(52,458,774)
Unallocated liabilities:		
Accrued charges	**(6,800)**	(10,965)
Bank and other borrowings	**(1,754,805)**	(1,714,522)
Lease liabilities	**(33,376)**	–
Consolidated total liabilities	**(62,118,610)**	(54,184,261)

6. SEGMENT INFORMATION *(CONTINUED)*

(c) Other segment information

	2019					2018				
	Property development and investment HK$'000	**Toll road HK$'000**	**Investment and asset management HK$'000**	**Unallocated HK$'000**	**Consolidated total HK$'000**	Property development and investment HK$'000	Toll road HK$'000	Investment and asset management HK$'000	Unallocated HK$'000	Consolidated total HK$'000
Amounts included in the measure of segment profit:										
Interest income	**424,564**	**21,270**	**7,868**	**38,862**	**492,564**	738,242	26,797	9,462	4,252	778,753
Net losses on disposal of subsidiaries	**(285)**	**–**	**–**	**–**	**(285)**	(339)	–	–	–	(339)
Gains on disposal of interests in joint ventures	**10,323**	**1,966**	**–**	**–**	**12,289**	–	–	33,330	–	33,330
Net (losses) gains on disposals/ written off of property, plant and equipment	**963**	**–**	**(33,971)**	**104**	**(32,904)**	905	–	4	92	1,001
Impairment loss on loan receivables	**–**	**–**	**(40,417)**	**–**	**(40,417)**	–	–	–	–	–
Impairment loss on long-term prepayments	**–**	**–**	**(33,975)**	**–**	**(33,975)**	–	–	–	–	–
Fair value gains on transfer of completed properties held for sale to investment properties	**17,352**	**–**	**40,982**	**–**	**58,334**	–	–	–	–	–
Change in fair value of investment properties	**42,247**	**–**	**(23,896)**	**–**	**18,351**	53,510	–	21,492	–	75,002
Depreciation of property, plant and equipment	**(18,698)**	**(446)**	**(4,571)**	**(9)**	**(23,724)**	(29,230)	(308)	(1,343)	(30)	(30,911)
Depreciation of right-of-use assets	**(16,668)**	**(5,646)**	**(9,424)**	**(950)**	**(32,688)**	–	–	–	–	–
Finance costs	**(697,214)**	**(1,054)**	**(142,460)**	**(76,038)**	**(916,766)**	(580,631)	–	(47,187)	(55,956)	(683,774)
Income tax expenses	**(3,039,238)**	**(30,783)**	**(13,300)**	**–**	**(3,083,321)**	(5,749,235)	(32,049)	(17,169)	–	(5,798,453)
Share of results of associates	**–**	**–**	**122,326**	**–**	**122,326**	–	–	(14,109)	–	(14,109)
Share of results of joint ventures	**308,937**	**716,318**	**141,280**	**–**	**1,166,535**	67,338	664,151	241,210	–	972,699
Amounts included in the measure of segment assets:										
Right-of-use assets	**76,444**	**17,018**	**36,519**	**32,731**	**162,712**	–	–	–	–	–
Interests in associates	**–**	**–**	**908,599**	**–**	**908,599**	–	–	811,115	–	811,115
Interests in joint ventures	**5,652,138**	**4,266,324**	**1,980,085**	**–**	**11,898,547**	5,028,516	3,161,416	1,772,992	–	9,962,924
Financial assets at FVTPL	**122,476**	**–**	**361,567**	**13,610**	**497,653**	106,851	–	514,286	26,713	647,850
Additions to non-current assets during the year	**844,235**	**1,143,813**	**198,141**	**–**	**2,186,189**	1,305,727	17,284	1,087,609	–	2,410,620

(d) Revenue from major products and services

The Group's revenue for the year mainly comprises sale of completed residential properties developed by the Group for sale purposes.

6. SEGMENT INFORMATION *(CONTINUED)*

(e) Information about geographical areas

All of the Group's revenue is attributable to customers in the PRC and over 85% of the Group's total non-current assets (excluding deferred tax assets and financial instruments) are located in the PRC and the remaining non-current assets are substantially located in Hong Kong.

(f) Information about major customers

In view of the nature of the toll road business, there are no major customers. For the property business and investment and asset management business, there was no customer who accounted for over 10% of the total revenue generated from the relevant operating and reportable segments.

7. OTHER GAINS AND LOSSES

	2019 **HK$'000**	2018 HK$'000
Net exchange losses	**(118,391)**	(396,015)
Change in fair value of financial assets at FVTPL		
– relating to the foreign currency forward contracts	**142,109**	182,627
	23,718	(213,388)
Change in fair value of financial asset at FVTPL		
– relating to the investment in an unlisted entity (note 25)	**(120,045)**	–
Net losses on disposal of subsidiaries (note 43)	**(285)**	(339)
Gains on disposal of interests in joint ventures (note 19)	**12,289**	33,330
Net (losses) gains on disposals/written off of property, plant and equipment	**(32,904)**	1,001
Impairment loss on loan receivables (note 40(b)(ii))	**(40,417)**	–
Impairment loss on long-term prepayments	**(33,975)**	–
Fair value gains on transfer of completed properties held for sale to investment properties	**58,334**	–
Change in fair value of investment properties	**18,351**	75,002
	(114,934)	(104,394)

8. SHARE OF RESULTS OF JOINT VENTURES

	2019 HK$'000	2018 HK$'000
Share of profits of infrastructure joint ventures before amortisation and taxation	**1,170,912**	1,130,839
Less share of: Amortisation of toll road operation rights	**(248,646)**	(256,898)
Income tax expenses	**(205,948)**	(209,790)
	716,318	664,151
Share of profits of other joint ventures	**450,217**	308,548
	1,166,535	972,699

9. FINANCE COSTS

	2019 HK$'000	2018 HK$'000
Interest on borrowings	**1,851,174**	1,344,274
Interest on lease liabilities	**7,723**	–
Interest on other financial liabilities (note 36)	**19,323**	–
Other interest and finance costs	**350,632**	415,287
	2,228,852	1,759,561
Less: Capitalised in properties under development for sale	**(1,312,086)**	(1,075,787)
	916,766	683,774

Borrowing costs on general borrowings capitalised during the year are calculated by applying a capitalisation rate of 6.36% (2018: 5.06%) per annum to expenditure on qualifying assets.

10. PROFIT BEFORE TAXATION

	2019 HK$'000	2018 HK$'000
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**24,342**	31,791
Depreciation of right-of-use assets (note 16)	**32,688**	–
	57,030	31,791
Less: Capitalised in properties under development for sale	**(618)**	(880)
	56,412	30,911
Minimum lease payments paid under operating lease rentals in respect of land and buildings	**–**	14,470
Expenses relating to short-term leases with lease terms ending within 12 months at the date of initial application of HKFRS 16 (note 16)	**10,826**	–
Salaries and other benefits	**1,005,529**	925,371
Provident fund scheme contributions, net of forfeited contributions of HK$330,000 (2018: HK$236,000)	**132,715**	122,800
Less: Capitalised in properties under development for sale	**(200,561)**	(210,125)
Total staff costs (excluding Directors' emoluments)	**937,683**	838,046
Audit fee	**4,710**	4,130
Cost of inventory of properties recognised as an expense	**13,552,090**	11,674,834
and after crediting:		
Bank interest income	**108,306**	71,185

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Directors' emoluments

	Notes	Directors' fees HK$'000	Salaries and allowances HK$'000	Performance related bonus HK$'000	Retirement scheme contributions HK$'000	2019 Total HK$'000
Executive Directors						
Zen Wei Pao, William		–	7,543	49,883	754	58,180
Zen Wei Peu, Derek		–	4,771	16,504	–	21,275
Ko Yuk Bing	(a)	–	8,158	43,945	645	52,748
Fong Shiu Leung, Keter		–	3,940	13,184	394	17,518
Non-executive Directors						
Mou Yong		352	–	–	–	352
Dong Fang		352	–	–	–	352
Independent Non-executive Directors						
Lau Sai Yung		619	–	–	–	619
Tse Chee On, Raymond		563	–	–	–	563
Wong Wai Ho		585	–	–	–	585
Zhang Yongliang	(c)	150	–	–	–	150
		2,621	24,412	123,516	1,793	152,342

	Notes	Directors' fees HK$'000	Salaries and allowances HK$'000	Performance related bonus HK$'000	Retirement scheme contributions HK$'000	2018 Total HK$'000
Executive Directors						
Zen Wei Pao, William		–	7,253	51,096	725	59,074
Zen Wei Peu, Derek		–	4,588	13,397	–	17,985
Ko Yuk Bing	(a)	–	7,750	44,192	620	52,562
Fong Shiu Leung, Keter		–	3,708	13,258	371	17,337
Non-executive Directors						
Mou Yong		345	–	–	–	345
Dong Fang		345	–	–	–	345
Independent Non-executive Directors						
Lau Sai Yung		607	–	–	–	607
Chow Ming Kuen, Joseph	(b)	248	–	–	–	248
Tse Chee On, Raymond		552	–	–	–	552
Wong Wai Ho		574	–	–	–	574
Zhang Yongliang		345	–	–	–	345
		3,016	23,299	121,943	1,716	149,974

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(CONTINUED)*

Directors' emoluments *(Continued)*

Notes:

(a) Mr. Ko Yuk Bing's emoluments disclosed above include those for services rendered by him as the Chief Executive Officer.

(b) Dr. Chow Ming Kuen, Joseph passed away on 13 October 2018.

(c) Mr. Zhang Yongliang resigned as an Independent Non-executive Director of the Company with effect from 25 October 2019.

The performance related bonus is based on the individual performance of the Executive Directors.

The Executive Directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The Independent Non-executive Directors' emoluments shown above were for their services as Directors of the Company.

There was no arrangement under which a Director or the Chief Executive Officer waived or agreed to waive any remuneration during the years.

Details of the emoluments of the five highest paid individuals of the Group included 4 (2018: 4) individuals who are Executive Directors throughout the year and their emoluments are included above. For the remaining one highest paid individual as a staff of the Group, the salaries and allowances, performance related bonus and retirement benefit contributions for the year ended 31 December 2019 were HK$3,346,000 (2018: HK$3,219,000), HK$11,167,000 (2018: HK$10,065,000) and HK$329,000 (2018: HK$317,000), respectively.

During the years ended 31 December 2019 and 2018, no emoluments was paid by the Group to any of the Directors or five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

12. INCOME TAX EXPENSES

	2019 HK$'000	2018 HK$'000
Current tax:		
PRC enterprise income tax ("EIT")	**1,508,327**	1,898,831
PRC land appreciation tax ("LAT")	**1,378,252**	3,755,200
PRC withholding tax	**30,892**	50,469
	2,917,471	5,704,500
Deferred tax (note 30)	**165,850**	93,953
	3,083,321	5,798,453

No provision for Hong Kong profits tax has been made as there was no assessable profit derived from Hong Kong.

The EIT is calculated at a statutory tax rate of 25%.

The provision for LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations which is charged at progressive rates ranging from 30% to 60% of the appreciation value, with certain allowable deductions.

The income tax expenses for the year is reconciled to profit before taxation as follows:

	2019 HK$'000	2018 HK$'000
Profit before taxation	**6,759,947**	9,497,056
Tax at the applicable income tax rate of 25% (2018: 25%) (note)	**1,689,987**	2,374,264
LAT provision	**1,378,252**	3,755,200
Tax effect of LAT	**(344,563)**	(938,800)
Tax effect of expenses not deductible for tax purpose	**472,795**	558,661
Tax effect of income not taxable for tax purpose	**(23,826)**	(26,129)
Tax effect of share of results of associates	**(30,582)**	3,527
Tax effect of share of results of joint ventures	**(291,768)**	(243,871)
Tax effect of tax losses not recognised	**45,445**	26,194
Tax effect of utilisation of tax losses previously not recognised	**(14,351)**	(8,150)
Deferred tax on undistributed earnings of PRC subsidiaries and joint ventures	**169,766**	211,475
PRC withholding tax	**30,892**	50,469
Effect of different tax rates of subsidiaries operating in other jurisdictions	**7,477**	6,343
Others	**(6,203)**	29,270
Income tax expenses for the year	**3,083,321**	5,798,453

Note: The domestic tax rate of major subsidiaries in the PRC is used for the reconciliation as it is where the operations of the Group are substantially based.

13. DIVIDENDS PAID

	2019 HK$'000	2018 HK$'000
2018 final dividend paid of HK$0.88 (2018: 2017 final dividend of HK$0.78) per share	**659,416**	584,483
2019 interim dividend paid of HK$0.30 (2018: 2018 interim dividend of HK$0.30) per share	**224,801**	224,800
	884,217	809,283

Subsequent to the end of the reporting period, a final dividend in respect of 2019 of HK$0.88 per share amounting to a total of approximately HK$660 million has been proposed by the Board on 23 March 2020. The amount has not been included as a liability in the consolidated financial statements as it was not declared before the end of the reporting period.

The amount of the proposed final dividend has been calculated on the basis of 749,336,566 shares in issue as at 23 March 2020.

14. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2019 HK$'000	2018 HK$'000
Earnings for the purposes of basic and diluted earnings per share attributable to owners of the Company	**3,028,005**	2,988,242

	2019 Number of shares '000	2018 Number of shares '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	**749,337**	749,045
Effect of dilutive potential ordinary shares: Share options	**N/A**	151
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**N/A**	749,196

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost					
At 1 January 2018	39,260	84,210	58,737	39,667	221,874
Additions	7,538	72,408	9,393	6,018	95,357
Transfer from investment properties	–	22,942	–	–	22,942
Acquisition of subsidiaries	–	–	149	–	149
Disposal of subsidiaries	–	–	(86)	(338)	(424)
Disposals	–	–	(3,558)	(4,185)	(7,743)
Exchange adjustments	(1,570)	(3,368)	(2,737)	(3,033)	(10,708)
At 31 December 2018	45,228	176,192	61,898	38,129	321,447
Additions	**–**	**8,683**	**28,180**	**8,332**	**45,195**
Acquisition of subsidiaries	**–**	**195**	**50**	**556**	**801**
Disposals/written off	**–**	**(50,066)**	**(8,964)**	**(8,346)**	**(67,376)**
Exchange adjustments	**(1,815)**	**(4,217)**	**(1,807)**	**(1,072)**	**(8,911)**
At 31 December 2019	**43,413**	**130,787**	**79,357**	**37,599**	**291,156**
Depreciation					
At 1 January 2018	2,506	25,161	44,170	28,900	100,737
Charge for the year	3,272	15,966	7,590	4,963	31,791
Eliminated on disposal of subsidiaries	–	–	(12)	(23)	(35)
Eliminated on disposals	–	–	(3,513)	(4,083)	(7,596)
Exchange adjustments	(201)	(1,499)	(2,350)	(2,483)	(6,533)
At 31 December 2018	5,577	39,628	45,885	27,274	118,364
Charge for the year	**1,061**	**9,678**	**9,168**	**4,435**	**24,342**
Eliminated on disposals/ written off	**–**	**(14,042)**	**(8,939)**	**(8,054)**	**(31,035)**
Exchange adjustments	**(175)**	**(1,284)**	**(1,568)**	**(849)**	**(3,876)**
At 31 December 2019	**6,463**	**33,980**	**44,546**	**22,806**	**107,795**
Carrying values					
At 31 December 2019	**36,950**	**96,807**	**34,811**	**14,793**	**183,361**
At 31 December 2018	39,651	136,564	16,013	10,855	203,083

Items of property, plant and equipment are depreciated on a straight line basis at the following rates per annum:

Leasehold land and buildings	Over the term of the lease from 20 to 25 years
Leasehold improvements	Over the term of the lease or 5 years, whichever is shorter
Furniture, fixtures and equipment	10% – 25%
Motor vehicles	12.5% – 25%

The Group's leasehold land and buildings are situated in the PRC.

The allocation of leasehold land and buildings elements cannot be made reliably, and the leasehold interests in land are accounted for as property, plant and equipment.

16. RIGHT-OF-USE ASSETS

	Leased properties HK$'000
As at 1 January 2019	
Carrying amount	50,528
As at 31 December 2019	
Carrying amount	162,712
For the year ended 31 December 2019	
Depreciation charge (note 10)	32,688
Expenses relating to short-term leases with lease terms ending within 12 months at the date of initial application of HKFRS 16 (note 10)	10,826
Total cash outflow for leases	44,455
Additions to right-of-use assets	145,658

For both years, the Group leases office premises for its operations. Lease contracts are entered into for fixed terms of 6 months to 11 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several office premises in the PRC. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. These properties are classified in their entirety as property, plant and equipment.

Restrictions or covenants on leases

In addition, lease liabilities of HK$168,653,000 are recognised with related right-of-use assets of HK$162,712,000 as at 31 December 2019. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessors. Leased assets may not be used as security for borrowing purposes.

17. INVESTMENT PROPERTIES

The Group leases out various office and commercial units under operating leases with rentals payable monthly. The leases typically run for an initial period of 6 months to 20 years, and the extension of lease period is subject to negotiation between the lessees and the Group. Majority of the lease contracts contain market review clauses in the event the lessee exercises the option to extend. The leases of shopping mall contain variable lease payment that are based on percentage of sales and minimum annual lease payment that are fixed over the lease term.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain any residual value guarantees or provide any options to the lessee to purchase the property at the end of lease term.

	2019 **HK$'000**	2018 HK$'000
Completed properties, at fair value		
At 1 January	**2,516,218**	2,583,810
Addition during the year	**111**	3,171
Transfer from completed properties held for sale (note a)	**1,449,381**	–
Transfer to property, plant and equipment (note b)	**–**	(22,942)
Disposal during the year	**(103,327)**	(17,156)
Change in fair value recognised in profit or loss (note c)	**18,351**	75,002
Exchange difference arising on translation to presentation currency	**(67,652)**	(105,667)
At 31 December	**3,813,082**	2,516,218

Notes:

(a) The change in use of the properties were evidenced by the inception of lease contracts. The amount included HK$58,334,000 (2018: nil) of fair value gains on transfer of completed properties held for sale to investment properties.

(b) It was transferred from investment properties to property, plant and equipment due to the change in use from operating leases to owner-occupied property.

(c) It included an unrealised fair value gain of HK$8,505,000 (2018: HK$74,975,000) relating to investment properties.

The investment properties are situated in the PRC. The leasehold interests in land held by the Group as right-of-use assets to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair values of completed investment properties at the date of transfer, 31 December 2019 and 31 December 2018 were determined by reference to valuations carried out by an independent firm of professional valuers not connected to the Group, who had recognised qualifications and relevant experience. The valuation report on these properties was signed by directors of the firm of professional valuers who are members of The Hong Kong Institute of Surveyors.

17. INVESTMENT PROPERTIES *(CONTINUED)*

The valuation of the investment properties is arrived at, using income capitalisation method, by capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the properties or, where appropriate, by using direct comparison method by making reference to comparable sales transactions as available in the relevant market. There has been no change from the valuation technique used in the prior year.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The details of pledge of investment properties are disclosed in note 46.

The following table gives information about how the fair values of the investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1, 2 and 3) based on the degree to which the inputs to the fair value measurements is observable.

Completed investment properties held by the Group	Fair value 31 December 2019 HK$'000	Fair value 31 December 2018 HK$'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Sensitivity
Commercial properties and shopping malls	**3,813,082**	2,446,389	Level 3	Income capitalisation of the net income and made provisions for reversionary income potential	1. Term yield 2019: 4% – 6.5% (2018: 4% – 6.5%)	A significant increase in the term yield would result in a significant decrease in fair value, and vice versa
					2. Reversionary yield 2019: 5% – 7% (2018: 5% – 7%)	A significant increase in the reversionary yield would result in a significant decrease in fair value, and vice versa
					3. Market monthly rental rate (RMB/sqm) 2019: RMB133 – RMB359 (2018: RMB130 – RMB222)	A significant increase in the market monthly rental rate would result in significant increase in fair value, and vice versa
Commercial properties and shopping malls	**–**	69,829	Level 3	Direct comparison method – based on market observable transactions of similar properties and adjusted to reflect the conditions of the subject property	1. Market unit selling price (RMB/sqm) 2019: N/A (2018: RMB6,756 – RMB15,727)	A significant increase in the market unit selling price would result in significant increase in fair value, and vice versa
	3,813,082	2,516,218				

17. INVESTMENT PROPERTIES *(CONTINUED)*

The movement in the balance of completed properties under Level 3 fair value measurements is as follows:

	2019 **HK$'000**	2018 HK$'000
At 1 January	**2,516,218**	2,511,072
Addition during the year	**111**	3,171
Transfer into level 3 of fair value hierarchy (note)	**–**	72,738
Transfer from completed properties held for sale	**1,449,381**	–
Transfer to property, plant and equipment	**–**	(22,942)
Disposal during the year	**(103,327)**	(17,156)
Change in fair value recognised in profit or loss	**18,351**	75,002
Exchange difference arising on translation to presentation currency	**(67,652)**	(105,667)
At 31 December	**3,813,082**	2,516,218

Note: In light of the significant unobservable inputs of the valuation of investment properties in prior year, the fair value measurement changed from Level 2 to Level 3.

18. INTERESTS IN ASSOCIATES

	2019 **HK$'000**	2018 HK$'000
Cost of unlisted investment	**838,845**	838,845
Share of post-acquisition gains (losses)	**96,930**	(25,396)
Exchange adjustments	**(27,176)**	(2,334)
	908,599	811,115

Details of the Group's principal associate at 31 December 2019 and 31 December 2018 were as follows:

Name of entity	**Place of incorporation/ registration**	**Proportion of equity interest of the Group**		**Proportion of voting right of the Group**		**Principal activity**
		2019	2018	**2019**	2018	
鄭州華首宏田置業有限公司 (“鄭州華首”)	PRC	**60%**	60%	**60%**	60%	Development and sale of properties

During the year ended 31 December 2018, the Group had made capital contributions of HK$34,292,000 for the establishment of certain associates engaging in construction design, information technology, culture and tourism in the PRC. The Group can exercise significant influence over the operating and financing activities of the associates.

18. INTERESTS IN ASSOCIATES *(CONTINUED)*

Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs. The associate is accounted for using the equity method in these consolidated financial statements.

	鄭州華首	
	2019	2018
	HK$'000	HK$'000
Current assets	**3,481,402**	2,992,474
Non-current assets	**851**	11,174
Current liabilities	**(1,631,163)**	(1,411,176)
Non-current liabilities	**(833,111)**	(792,571)

	2019	2018
	HK$'000	HK$'000
Profit (loss) and total comprehensive income (expense) for the year	**244,924**	(21,980)
The above profit (loss) for the year includes the following:		
Depreciation and amortisation	**(403)**	(314)
Interest income	**2,566**	2,512
Interest expense	**–**	–
Income tax (expenses) credit	**(128,943)**	7,327

Reconciliation of the above summarised financial information to the carrying amount of interest in the material associate recognised in the consolidated financial statements:

	2019	2018
	HK$'000	HK$'000
Net assets of 鄭州華首	**1,017,979**	799,901
Proportion of the Group's ownership interest	**60%**	60%
Net assets shared by the Group	**610,787**	479,941
Premium on acquisition	**270,677**	299,667
Carrying amount of the Group's interest in 鄭州華首	**881,464**	779,608

19. INTERESTS IN JOINT VENTURES

	2019 **HK$'000**	2018 HK$'000
Interests in infrastructure joint ventures		
Cost of investments	**5,499,873**	4,649,355
Return of cost of investments (note a)	**(3,186,202)**	(3,413,436)
Share of post-acquisition profits, net of dividends received	**1,522,963**	1,332,275
Exchange adjustments	**429,690**	593,222
	4,266,324	3,161,416
Interests in property and other joint ventures		
Cost of investments	**7,518,053**	6,665,456
Share of post-acquisition profits, net of dividends received	**625,442**	356,114
Unrealised profits (note b)	**(122,127)**	–
Exchange adjustments	**(389,145)**	(220,062)
	7,632,223	6,801,508
	11,898,547	9,962,924

Notes:

(a) Pursuant to the joint venture agreements, the infrastructure joint ventures distribute the cash surplus to the Group and the other venturers based on the agreed net cash distribution. The actual amount of cash distribution varies from time to time and depends on the toll road performance, the amount of operating expenses and capital expenditure incurred by the joint ventures.

(b) The unrealised profit related to the Group's attributable interest income from amounts due from certain joint ventures. The related interest expenses were capitalised in inventory of properties of the joint ventures which have not been realised at 31 December 2019.

(c) In March 2017, the Group entered into an undertaking agreement with an independent third party (the land provider) pursuant to which the Company undertakes for a prompt settlement of 50% of the outstanding debts incurred by a joint venture of the Group for a property development project in Hong Kong. The remaining 50% of the outstanding debts incurred by the joint venture is borne by the other joint venture partner. At 31 December 2019, the carrying amount of the liabilities of the joint venture undertaken by the Group was about HK$2,728,509,000 (2018: HK$2,715,620,000).

19. INTERESTS IN JOINT VENTURES *(CONTINUED)*

Notes: *(Continued)*

(d) In September 2019, the Group entered into conditional sale and purchase agreements with certain independent third parties to acquire 40% equity interest in PT Jasamarga Solo Ngawi ("SN JV") and PT Jasamarga Ngawi Kertosono Kediri ("NKK JV"), both are limited liability companies established in Indonesia. SN JV and NKK JV own concession right of toll roads in Indonesia. The approval of the relevant activities of SN JV and NKK JV require unanimous consent of the three joint venture partners and SN JV and NKK JV are accounted for as joint ventures of the Group.

The total consideration for the acquisition of equity interests and shareholders loans of the two joint ventures are HK$1,049,067,000 and HK$158,012,000, respectively in which HK$1,081,771,000 has been paid by the Group before 31 December 2019 and the remaining consideration of HK$125,308,000 will be settled by the Group before the end of 2020 and included in other payables.

On 23 December 2019, shareholders loans to NKK JV amounting to HK$93,358,000 were capitalised to cost of investment in joint venture as capital contributions to NKK JV. The shareholders loan capitalisation in NKK JV is in proportion to the shareholding of respective shareholders.

The acquisition of SN JV includes contingent consideration arrangement, and the payment of such contingent consideration depends on the achievement of toll road tariff adjustment and receipt of cash compensation from the local government before year 2022, which has high level of uncertainty at the date of acquisition and at the end of the reporting period. In the opinion of the Directors, the fair value of such contingent consideration is considered as insignificant on both dates. The fair value of the contingent consideration and the toll concession right of NKK JV are provisionally determined, which may be adjusted retrospectively at acquisition date if there is new information obtained by the Group within one year from date of acquisition in relation to the above mentioned tariff adjustment and cash compensation.

(e) During the year ended 31 December 2019, other than note (d), the Group had paid cash consideration to independent third parties or/and provided capital contribution in cash to certain joint ventures amounting to HK$997,658,000 (2018: HK$2,277,800,000) in aggregate to obtain the joint control over the investees mainly engaging in property development in the PRC.

(f) During the year ended 31 December 2019, the Group disposed its entire equity interests in two infrastructure joint ventures engaging in toll road business and two joint ventures engaging in property development business in Wuhan, the PRC to independent third parties. Total consideration from the disposals was HK$17,778,000, resulting in an aggregate gain on disposals of joint ventures amounting to HK$12,289,000.

During the year ended 31 December 2018, the Group disposed a joint venture 路勁滙通文化旅遊產業發展有限公司 engaging in property development in the PRC at a cash consideration of HK$153,978,000, resulting in a gain on disposal of interest in joint venture amounting to HK$33,330,000. The Group had amount due to the joint venture of HK$56,413,000 prior to the disposal, the net cash received by the Group from the disposal was HK$97,565,000.

19. INTERESTS IN JOINT VENTURES *(CONTINUED)*

Infrastructure joint ventures

All infrastructure joint ventures are established and operating in the PRC and Indonesia, details of the Company's principal infrastructure joint ventures at 31 December 2019 and 31 December 2018 are as follows:

Name of infrastructure joint venture	Registered capital/ paid-up capital	Proportion of registered capital held directly by the Group (note 1)	Principal activities
Hebei Baofa Expressway Co., Ltd.* 河北保發高速公路有限公司	RMB96,287,600	40%	Investment in and operation and management of Hebei Baojin Expressway (Bazhou Dong Section) in Hebei, the PRC
Hebei Baofeng Expressway Co., Ltd.* 河北保豐高速公路有限公司	RMB95,700,000	40%	Investment in and operation and management of Hebei Baojin Expressway (Rongcheng – Xiongxian West Section) in Hebei, the PRC
Hebei Baohui Expressway Co., Ltd.* 河北保惠高速公路有限公司	RMB96,007,600	40%	Investment in and operation and management of Hebei Baojin Expressway (Bazhou Zhong Section) in Hebei, the PRC
Hebei Baojie Expressway Co., Ltd.* 河北保捷高速公路有限公司	RMB97,262,000	40%	Investment in and operation and management of Hebei Baojin Expressway (Xiongxian – Bazhou Section) in Hebei, the PRC
Hebei Baojin Expressway Co., Ltd.* 河北保津高速公路有限公司	RMB96,843,600	40%	Investment in and operation and management of Hebei Baojin Expressway (Xushui – Rongcheng Section) in Hebei, the PRC
Hebei Baoli Expressway Co., Ltd.* 河北保利高速公路有限公司	RMB97,359,600	40%	Investment in and operation and management of Hebei Baojin Expressway (Xiongxian East Section) in Hebei, the PRC
Hebei Baoming Expressway Co., Ltd.* 河北保明高速公路有限公司	RMB90,030,400	40%	Investment in and operation and management of Hebei Baojin Expressway (Bazhou – Tianjinjie Section) in Hebei, the PRC
Hebei Baosheng Expressway Co., Ltd.* 河北保昇高速公路有限公司	RMB96,507,600	40%	Investment in and operation and management of Hebei Baojin Expressway (Xiongxian Section) in Hebei, the PRC

19. INTERESTS IN JOINT VENTURES *(CONTINUED)*

Infrastructure joint ventures *(Continued)*

Name of infrastructure joint venture	Registered capital/ paid-up capital	Proportion of registered capital held directly by the Group (note 1)	Principal activities
Hebei Baoyi Expressway Co., Ltd.* 河北保怡高速公路有限公司	RMB96,575,200	40%	Investment in and operation and management of Hebei Baojin Expressway (Rongcheng Section) in Hebei, the PRC
Hebei Baoyu Expressway Co., Ltd.* 河北保裕高速公路有限公司	RMB97,426,400	40%	Investment in and operation and management of Hebei Baojin Expressway (Bazhou West Section) in Hebei, the PRC
Hebei Tanghui Expressway Company Limited** 河北唐惠高速公路有限公司	RMB287,324,000	45%	Investment in and operation and management of Hebei Tangjin Expressway (Chenzhuang – Fengnan Section) in Hebei, the PRC
Hebei Tangjin Expressway Company Limited** 河北唐津高速公路有限公司	RMB250,300,000	45%	Investment in and operation and management of Hebei Tangjin Expressway (Fengnan – Jijinjie Section) in Hebei, the PRC
Hebei Tangrun Expressway Company Limited** 河北唐潤高速公路有限公司	RMB172,524,000	45%	Investment in and operation and management of Hebei Tangjin Expressway (Shuangmiao – Chenzhuang Section) in Hebei, the PRC
Hunan Changyi (Baining) Expressway Co., Ltd.*** 湖南長益(白寧)高速公路有限公司	RMB97,011,500	43.17%	Investment in and development, operation and management of Hunan Changsha – Yiyang Expressway (Baining Section) in Hunan, the PRC
Hunan Changyi (Cangyi) Expressway Co., Ltd.*** 湖南長益(滄益)高速公路有限公司	RMB98,985,400	43.17%	Investment in and development, operation and management of Hunan Changsha – Yiyang Expressway (Cangyi Section) in Hunan, the PRC
Hunan Changyi Expressway Co., Ltd.*** 湖南長益高速公路有限公司	RMB98,553,500	43.17%	Investment in and development, operation and management of Hunan Changsha – Yiyang Expressway (Changbai Section) in Hunan, the PRC
Hunan Changyi (Hengcang) Expressway Co., Ltd.*** 湖南長益(衡滄)高速公路有限公司	RMB101,695,200	43.17%	Investment in and development, operation and management of Hunan Changsha – Yiyang Expressway (Hengcang Section) in Hunan, the PRC

19. INTERESTS IN JOINT VENTURES *(CONTINUED)*

Infrastructure joint ventures *(Continued)*

Name of infrastructure joint venture	Registered capital/ paid-up capital	Proportion of registered capital held directly by the Group (note 1)	Principal activities
Hunan Changyi (Ningheng) Expressway Co., Ltd.*** 湖南長益(寧衡)高速公路有限公司	RMB98,458,100	43.17%	Investment in and development, operation and management of Hunan Changsha – Yiyang Expressway (Ningheng Section) in Hunan, the PRC
Hunan Changyi (Zijiang No. 2 Bridge) Expressway Co., Ltd.*** 湖南長益(資江二橋)高速公路有限公司	RMB78,328,300	43.17%	Investment in and development, operation and management of Hunan Changsha – Yiyang Expressway (Zijiang No. 2 Bridge) in Hunan, the PRC
Jinzhong Longcheng Expressway Co., Ltd. ("Jinzhong Longcheng Expressway JV") 晉中龍城高速公路有限責任公司	RMB1,497,000,000	45%	Investment in and development, operation and management of Longcheng Expressway in Shanxi, the PRC
Anhui Machao Expressway Co., Ltd. ("Anhui Machao Expressway JV") 安徽省馬巢高速公路有限公司	RMB575,000,000	49%	Investment in and development, operation and management of Machao Expressway in Anhui, the PRC
SN JV	IDR3,231,358,570,000	40% (2018: nil)	Investment in and development, operation and management of Solo Ngawi Expressway in Indonesia
NKK JV	IDR1,664,540,240,000	40% (2018: nil)	Investment in and development, operation and management of Ngawi Kertosono Kediri Expressway in Indonesia

* These joint ventures are collectively known as Hebei Baojin Expressway JV.
** These joint ventures are collectively known as Hebei Tangjin Expressway JV.
*** These joint ventures are collectively known as Hunan Changsha Expressway JV.

Notes:

1. At 31 December 2019, the interests in joint ventures are indirectly held by RKE, which is 75% (2018: 75%) held by the Group.

2. Except for SN JV, NKK JV, Jinzhong Longcheng Expressway JV and Anhui Machao Expressway JV, where the profit/cash sharing ratios are same as the proportion of the registered capital held by the Group over the duration of the joint ventures, the profit/cash sharing ratios in other infrastructure joint ventures differ from the proportion of the registered capital held by the Group over the duration of the joint ventures. During the early stage of the joint ventures, the Group is entitled to higher profit/cash sharing ratios than the proportion of registered capital held by the Group as contained in the relevant joint venture agreements. Thereafter, until such time as specified in the joint venture agreements, the other ventures of the joint ventures are entitled to profit/cash sharing ratios higher than their respective proportion of registered capital held by them as contained in the joint venture agreements. Thereafter, the profit/cash sharing ratios of the joint ventures may be the same as the proportion of their registered capital or in accordance with a predetermined ratio stipulated in the joint venture agreements. For the years ended 31 December 2019 and 2018, the profit/cash sharing ratio entitled by the Group for Hebei Baojin Expressway JV, Hunan Changsha Expressway JV and Hebei Tangjin Expressing JV were 40%, 50% and 45%, respectively.

The above table lists the infrastructure joint ventures of the Group which, in opinion of the Directors, principally affected the results of the year or form a substantial portion of the net assets of the Group. To give details of other joint ventures would, in the opinion of the Directors, result in particulars of excessive length.

19. INTERESTS IN JOINT VENTURES *(CONTINUED)*

Infrastructure joint ventures *(Continued)*

Summarised financial information of material infrastructure joint ventures

Summarised financial information in respect of the Group's material infrastructure joint ventures is set out below.

The summarised financial information below represents amounts shown in the infrastructure joint ventures' financial statements prepared in accordance with HKFRSs. The infrastructure joint ventures are accounted for using the equity method in these consolidated financial statements.

At 31 December 2019

	Hebei Baojin Expressway JV HK$'000	Hebei Tangjin Expressway JV HK$'000	Hunan Changsha Expressway JV HK$'000	Jinzhong Longcheng Expressway JV HK$'000	Anhui Machao Expressway JV HK$'000	SN JV HK$'000	NKK JV HK$'000	Total HK$'000
Non-current assets								
Property and equipment	68,343	92,585	44,015	49,239	111,565	1,167	22,636	389,550
Concession intangible assets	1,767,973	623,194	778,063	4,582,918	2,617,067	5,791,801	2,863,914	19,024,930
Other non-current assets	–	–	–	–	–	12,157	5,035	17,192
	1,836,316	715,779	822,078	4,632,157	2,728,632	5,805,125	2,891,585	19,431,672
Current assets								
Bank balances and cash	489,028	329,345	100,461	236,280	61,358	9,112	52,256	1,277,840
Restricted bank balance	–	–	–	–	–	117,683	172,819	290,502
Others	57,720	96,666	141,052	57,763	11,656	208,786	100,942	674,585
	546,748	426,011	241,513	294,043	73,014	335,581	326,017	2,242,927
Current liabilities								
Bank borrowings	–	–	–	88,889	118,711	213,477	–	421,077
Others	136,193	159,309	146,449	127,555	43,308	410,467	129,753	1,153,034
	136,193	159,309	146,449	216,444	162,019	623,944	129,753	1,574,111
Non-current liabilities								
Bank borrowings	–	–	–	2,788,889	1,471,600	3,369,905	1,809,531	9,439,925
Loans from shareholders	–	–	–	–	–	–	142,871	142,871
Creditors	–	–	–	–	–	196,993	4,424	201,417
Deferred taxation	293,519	32,713	106,468	125,691	47,453	110,372	114,450	830,666
	293,519	32,713	106,468	2,914,580	1,519,053	3,677,270	2,071,276	10,614,879
Net assets of joint ventures	1,953,352	949,768	810,674	1,795,176	1,120,574	1,839,492	1,016,573	9,485,609
Proportion of equity interests in joint ventures directly held by the Group	40%	45%	43.17%	45%	49%	40%	40%	N/A
Net assets shared by the Group	781,341	427,396	349,968	807,829	549,081	735,796	406,629	4,058,040
Additional investment cost paid by the Group	–	–	–	–	153,241	–	–	153,241
Other adjustments (note)	50,070	(8,600)	1,455	–	–	–	–	42,925
Carrying amount of the Group's interests in joint ventures	831,411	418,796	351,423	807,829	702,322	735,796	406,629	4,254,206

Note: Other adjustments mainly represent the accumulated differences of the Group's share of the net assets of the individual joint ventures based on the profit/cash sharing ratio of joint ventures during their respective operating periods and the Group's equity interests in the joint ventures.

19. INTERESTS IN JOINT VENTURES *(CONTINUED)*

Infrastructure joint ventures *(Continued)*

Summarised financial information of material infrastructure joint ventures *(Continued)*

For the year ended 31 December 2019

	Hebei Baojin Expressway JV HK$'000	Hebei Tangjin Expressway JV HK$'000	Hunan Changsha Expressway JV HK$'000	Jinzhong Longcheng Expressway JV HK$'000	Anhui Machao Expressway JV HK$'000	Total HK$'000
Toll revenue (net of sales related tax)	995,374	832,596	782,261	546,406	300,051	3,456,688
Construction revenue	48,576	32,148	45,300	29,445	12,532	168,001
Total revenue	1,043,950	864,744	827,561	575,851	312,583	3,624,689
Construction costs	(48,576)	(32,148)	(45,300)	(29,445)	(12,532)	(168,001)
Other income	4,848	393	5,256	7,132	1,607	19,236
Toll operation expenses	(158,534)	(113,650)	(93,362)	(80,028)	(21,030)	(466,604)
Administrative expenses	(32,132)	(38,491)	(33,859)	(11,615)	(9,164)	(125,261)
Depreciation and amortisation charges	(134,472)	(178,813)	(161,713)	(90,611)	(63,046)	(628,655)
Finance costs	3,275	1,632	(857)	(152,297)	(83,487)	(231,734)
Income tax expenses	(171,802)	(126,826)	(124,251)	(11)	(33,066)	(455,956)
Profit and total comprehensive income for the year	506,557	376,841	373,475	218,976	91,865	1,567,714
Cash distributions received from joint ventures during the year	198,195	182,334	180,846	–	64,637	626,012

Note: The acquisitions of SN JV and NKK JV were completed in December 2019 and had insignificant impact to the profit or loss of the Group in 2019.

19. INTERESTS IN JOINT VENTURES *(CONTINUED)*

Infrastructure joint ventures *(Continued)*

Summarised financial information of material infrastructure joint ventures *(Continued)*

At 31 December 2018

	Hebei Baojin Expressway JV HK$'000	Hebei Tangjin Expressway JV HK$'000	Hunan Changsha Expressway JV HK$'000	Jinzhong Longcheng Expressway JV HK$'000	Anhui Machao Expressway JV HK$'000	Total HK$'000
Non-current assets						
Property and equipment	84,251	83,028	53,025	44,029	127,310	391,643
Concession intangible assets	1,878,480	765,839	908,583	4,775,229	2,728,270	11,056,401
	1,962,731	848,867	961,608	4,819,258	2,855,580	11,448,044
Current assets						
Time deposit	–	–	34,286	–	–	34,286
Bank balances and cash	411,396	330,761	76,606	108,866	118,279	1,045,908
Others	23,362	13,264	68,684	17,049	7,952	130,311
	434,758	344,025	179,576	125,915	126,231	1,210,505
Current liabilities						
Loans from joint venture partners	–	–	46,457	40,000	–	86,457
Bank borrowings	–	–	46,457	80,000	178,857	305,314
Others	102,099	144,290	109,422	110,414	33,653	499,878
	102,099	144,290	202,336	230,414	212,510	891,649
Non-current liabilities						
Bank borrowings	–	–	–	2,960,000	1,538,286	4,498,286
Deferred taxation	287,727	34,438	131,592	129,271	35,443	618,471
	287,727	34,438	131,592	3,089,271	1,573,729	5,116,757
Net assets of joint ventures	2,007,663	1,014,164	807,256	1,625,488	1,195,572	6,650,143
Proportion of equity interests in joint ventures directly held by the Group	40%	45%	43.17%	45%	49%	N/A
Net assets shared by the Group	803,065	456,374	348,492	731,470	585,830	2,925,231
Additional investment cost paid by the Group	–	–	–	–	160,348	160,348
Other adjustments (note)	51,004	(9,360)	9,074	–	–	50,718
Carrying amount of the Group's interests in joint ventures	854,069	447,014	357,566	731,470	746,178	3,136,297

Note: Other adjustments mainly represent the accumulated differences of the Group's share of the net assets of the individual joint ventures based on the profit/cash sharing ratio of joint ventures during their respective operating periods and the Group's equity interests in the joint ventures.

19. INTERESTS IN JOINT VENTURES *(CONTINUED)*

Infrastructure joint ventures *(Continued)*

Summarised financial information of material infrastructure joint ventures *(Continued)*

For the year ended 31 December 2018

	Hebei Baojin Expressway JV HK$'000	Hebei Tangjin Expressway JV HK$'000	Hunan Changsha Expressway JV HK$'000	Jinzhong Longcheng Expressway JV HK$'000	Anhui Machao Expressway JV HK$'000	Total HK$'000
Toll revenue (net of sales related tax)	1,093,506	836,701	806,567	468,784	300,425	3,505,983
Construction revenue	–	–	–	94,072	–	94,072
Total revenue	1,093,506	836,701	806,567	562,856	300,425	3,600,055
Construction costs	–	–	–	(94,072)	–	(94,072)
Other income	6,172	1,556	25,351	4,870	1,072	39,021
Toll operation expenses	(168,052)	(147,946)	(139,198)	(56,993)	(18,146)	(530,335)
Administrative expenses	(28,077)	(39,084)	(31,890)	(12,148)	(8,686)	(119,885)
Depreciation and amortisation charges	(141,505)	(195,010)	(167,246)	(83,554)	(66,333)	(653,648)
Finance costs	–	–	(6,571)	(157,941)	(94,461)	(258,973)
Income tax expenses	(189,147)	(114,623)	(122,309)	(8,141)	(33,561)	(467,781)
Profit and total comprehensive income for the year	572,897	341,594	364,704	154,877	80,310	1,514,382
Cash distributions received from joint ventures during the year	223,059	299,223	211,529	–	10,082	743,893

19. INTERESTS IN JOINT VENTURES *(CONTINUED)*

Property joint ventures

Particulars of the Group's interests in principal property joint ventures as at 31 December 2019 and 31 December 2018 are as follows:

Name of property joint ventures	Place of incorporation/ registration	Proportion of equity interest of the Group		Proportion of voting right of the Group		Principal activities
		2019	2018	**2019**	2018	
常州雅勁房地產開發有限公司 ("常州雅勁")	PRC	**49%**	49%	**40%** (note a)	40%	Development and sale of properties
常州勁雅房地產開發有限公司 ("常州勁雅")	PRC	**51%**	51%	**60%** (note a)	60%	Development and sale of properties
無錫雋泰房地產開發有限公司 ("無錫雋泰")	PRC	**60%**	60%	**60%** (note a)	60%	Development and sale of properties
廣州雋宏房地產開發有限公司 ("廣州雋宏")	PRC	**51%**	51%	**50%**	50%	Development and sale of properties
濟南雋茂置業有限公司 ("濟南雋茂")	PRC	**50%**	50%	**50%**	50%	Development and sale of properties
蘇州中交路勁地產有限公司 ("蘇州中交")	PRC	**51%**	51%	**50%**	50%	Development and sale of properties
蘇州勁商房地產開發有限公司 ("蘇州勁商")	PRC	**33%**	33%	**20%** (note a)	20%	Development and sale of properties
Both Win Development Limited ("Both Win")	Hong Kong	**60%**	60%	**60%** (note a)	60%	Investment holding

Note:

(a) Although the Group has either more than or less than 50% voting rights for the companies, the board resolutions need the unanimous consent of the directors appointed by each joint venture partner and these companies are accounted for as joint ventures of the Group.

The above table lists the property joint ventures of the Group which, in opinion of the Directors, principally affected the results of the year or form a substantial portion of the net assets of the Group. To give details of other joint ventures would, in the opinion of the Directors, result in particulars of excessive length.

19. INTERESTS IN JOINT VENTURES *(CONTINUED)*

Property joint ventures *(Continued)*

Summarised financial information of material property joint ventures

At 31 December 2019

	無錫雋泰 HK$'000	廣州雋宏 HK$'000	濟南雋茂 HK$'000	蘇州中交 HK$'000	蘇州勁商 HK$'000	Both Win* HK$'000	Total HK$'000
Current assets	2,986,286	2,737,528	2,724,885	4,359,993	4,607,943	1,657,030	19,073,665
Non-current assets	564,027	487	4,770	7	568	177	570,036
Current liabilities	(1,814,597)	(1,423,920)	(930,110)	(3,425,580)	(1,829,347)	(1,061,394)	(10,484,948)
Non-current liabilities	(908,951)	–	(700,000)	–	–	–	(1,608,951)
The above amounts of assets and liabilities include the following:							
Cash and cash equivalents	470,589	491,201	197,886	252,706	235,693	102,237	1,750,312
Net assets of joint ventures	826,765	1,314,095	1,099,545	934,420	2,779,164	595,813	7,549,802
Proportion of the Group's interests	60%	51%	50%	51%	33%	60%	N/A
Net assets shared by the Group	496,059	670,188	549,773	476,554	917,124	357,488	3,467,186
Premium on acquisition	–	–	–	–	–	237,347	237,347
Carrying amount of the Group's interests in joint ventures	496,059	670,188	549,773	476,554	917,124	594,835	3,704,533

19. INTERESTS IN JOINT VENTURES *(CONTINUED)*

Property joint ventures *(Continued)*

Summarised financial information of material property joint ventures *(Continued)*

For the year ended 31 December 2019

	無錫雋泰 HK$'000	廣州雋宏 HK$'000	濟南雋茂 HK$'000	蘇州中交 HK$'000	蘇州勁商 HK$'000	Both Win* HK$'000	Total HK$'000
Profit (loss) and total comprehensive income (expense) for the year	102,916	612,293	(11,014)	71,424	253,386	110,183	1,139,188
The above profit (loss) for the year includes the following:							
Depreciation and amortisation	(207)	(205)	(178)	(5)	(14)	(74)	(683)
Interest income	3,072	1,423	1,908	2,140	1,652	961	11,156
Income tax (expense) credit	(46,370)	(456,243)	3,671	(23,808)	(84,462)	(93,415)	(700,627)

At 31 December 2018

	常州雅勁 HK$'000	常州勁雅 HK$'000	無錫雋泰 HK$'000	濟南雋茂 HK$'000	蘇州中交 HK$'000	蘇州勁商 HK$'000	Both Win* HK$'000	Total HK$'000
Current assets	2,756,664	2,288,535	1,769,167	1,725,910	5,504,757	4,625,631	1,820,030	20,490,694
Non-current assets	3,309	3,251	3,228	261	13	8,110	11,784	29,956
Current liabilities	(1,183,581)	(952,343)	(523,009)	(584,096)	(530,055)	(2,030,875)	(1,202,533)	(7,006,492)
Non-current liabilities	(732,649)	(514,286)	(502,857)	–	(4,085,674)	–	(19,051)	(5,854,517)
The above amounts of assets and liabilities include the following:								
Cash and cash equivalents	27,474	69,000	288,996	6,809	264,591	222,845	50,025	929,740
Net assets of joint ventures	843,743	825,157	746,529	1,142,075	889,041	2,602,866	610,230	7,659,641
Proportion of the Group's interests	49%	51%	60%	50%	51%	33%	60%	N/A
Net assets shared by the Group	413,434	420,830	447,917	571,038	453,411	858,946	366,138	3,531,714
Premium on acquisition	–	–	–	–	–	–	213,755	213,755
Carrying amount of the Group's interests in joint ventures	413,434	420,830	447,917	571,038	453,411	858,946	579,893	3,745,469

19. INTERESTS IN JOINT VENTURES *(CONTINUED)*

Property joint ventures *(Continued)*

Summarised financial information of material property joint ventures *(Continued)*

For the year ended 31 December 2018

	常州雅勁 HK$'000	常州勁雅 HK$'000	無錫雋泰 HK$'000	濟南雋茂 HK$'000	蘇州中交 HK$'000	蘇州勁商 HK$'000	Both Win* HK$'000	Total HK$'000
(Loss) profit and total comprehensive (expense) income for the year	(10,217)	(10,024)	(8,003)	(807)	(20,928)	(24,881)	576,700	501,840
The above (loss) profit for the year includes the following:								
Depreciation and amortisation	–	–	(69)	–	(4)	(6)	(64)	(143)
Interest income	293	254	224	4	2,249	375	2,351	5,750
Interest expense	–	–	–	–	–	–	(9,130)	(9,130)
Income tax credit (expense)	3,406	3,341	2,668	269	6,976	8,299	(431,470)	(406,511)

* Being consolidated figures of the joint ventures and their subsidiaries.

Aggregate information of joint ventures that are not individually material

	2019 **HK$'000**	2018 HK$'000
The Group's share of (loss) profit and total comprehensive (expense) income for the year	**(56,251)**	128,262

20. AMOUNTS DUE FROM JOINT VENTURES

	2019 HK$'000	2018 HK$'000
Current portion	**3,243,624**	3,713,510
Non-current portion	**7,216,954**	10,180,660
	10,460,578	13,894,170
Analysed into:		
Interest bearing at fixed interest rate ranging from 4.75% to 12% (2018: 4.75% to 10%) per annum	**5,821,173**	8,698,282
Interest bearing at variable interest rate at 20% to 30% over the lending rate (2018: 10% over the lending rate) set by the People's Bank of China ("PBOC") per annum	**749,089**	749,782
Interest-free	**3,890,316**	4,446,106
	10,460,578	13,894,170

The amounts due from joint ventures are all unsecured and the Group expects to receive the current portion within twelve months from the end of the reporting period based on the development and pre-sales status of the property projects of property joint ventures and the performance of the infrastructure joint ventures.

No impairment loss has been recognised in the current and prior year. Details of impairment assessment for the years ended 31 December 2019 and 2018 are set out in note 40(b)(ii).

21. LOAN RECEIVABLES

	2019 HK$'000	2018 HK$'000
Fixed-rate loan receivables	**1,248,304**	1,430,587
Variable-rate loan receivable (note)	**–**	900,062
Interest-free loan receivables	**262,047**	26,667
Total gross carrying amount of loan receivables	**1,510,351**	2,357,316
Less: Impairment loss on loan receivables (note 40(b)(ii))	**(40,417)**	–
Less: Amounts classified as current assets	**(426,168)**	(2,161,126)
Amounts due over one year shown and classified as non-current assets	**1,043,766**	196,190

Note: At 31 December 2018, the balance included HK$900,062,000 due from an independent third party ("Party A"), which was unsecured and guaranteed by a PRC state-owned enterprise ("Party B"). On 6 March 2019, the Group had entered into a capital injection agreement with Party B and another independent investor for the Group to obtain 30% equity interest in Party A, which holds a piece of land in Guangzhou, the PRC for property development. Upon the completion of the transaction, Party A became a joint venture of the Group. Accordingly, the said loan receivable was subsequently reclassified in its entirety to amounts due from joint ventures in 2019.

The loan receivables are denominated in Renminbi. As at 31 December 2019, the carrying amount of loan receivables amounting to HK$1,061,517,000 (2018: HK$2,287,458,000) are substantially either secured by properties of the borrowers or the equity interests in property companies. The Group is not permitted to sell or re-pledge the collaterals in the absence of default by the borrower. There has not been any significant changes in the quality of the collateral held for the loan receivables.

The Group renegotiated with certain borrowers to extend the maturity date for certain loan balances during the year ended 31 December 2019. No gain or loss was recognised in profit or loss for these non-substantial modifications.

Details of impairment assessment for the years ended 31 December 2019 and 2018 are set out in note 40(b)(ii).

The exposure of the Group's loan receivables to interest rate risks and the contractual maturity dates are as follows:

	2019 HK$'000	2018 HK$'000
Within one year	**426,168**	2,161,126
More than one year but not exceeding two years	**758,425**	–
More than two years but not exceeding five years	**285,341**	196,190
	1,469,934	2,357,316

21. LOAN RECEIVABLES *(CONTINUED)*

The range of interest rates on the Group's loan receivables are as follows:

	2019	2018
Fixed-rate loan receivables	**8.5% – 24%**	8.4% – 20%
Variable-rate loan receivable	**N/A**	5.22%

22. INVENTORY OF PROPERTIES

	2019 **HK$'000**	2018 HK$'000
Completed properties held for sale	**8,387,929**	4,264,992
Properties under development for sale (note)	**30,933,015**	27,349,786
	39,320,944	31,614,778

Effective from 1 January 2019, the carrying amount of leasehold lands is measured under HKFRS 16 at cost less any accumulated depreciation and any impairment losses. The residual values are determined as the estimated disposal value of the leasehold land component. No depreciation charge is made on the leasehold lands taking into account the estimated residual values as at 31 December 2019. Analysis of leasehold lands is as follows:

	Leasehold lands HK$'000
As at 1 January 2019	
Carrying amount	13,967,631
As at 31 December 2019	
Carrying amount	19,688,482
For the year ended 31 December 2019	
Total cash outflow	(6,666,767)
Additions	7,256,210

Note: Included in the amount are properties under development for sale of HK$22,263,524,000 (2018: HK$17,148,043,000) which are expected to be completed and available for sale to the customers more than twelve months from the end of the reporting period.

23. PREPAYMENT FOR LAND LEASES

As at 31 December 2019, the total consideration prepaid in full of HK$2,142,964,000 (2018: HK$606,284,000) in accordance with the sale and purchase agreements entered into with the PRC local government for the acquisition of certain pieces of land in the PRC for property development for sale is classified as current assets. Upon the delivery of relevant land title document to the Group, the prepaid amount which represents the land purchase costs of those pieces of land will be recognised as "properties under development for sale" under "inventory of properties".

24. DEBTORS, DEPOSITS AND PREPAYMENTS

	2019 **HK$'000**	2018 HK$'000
Aged analysis of trade debtors, presented based on invoice dates (note a):		
Within 60 days	**38,702**	65,899
61 to 90 days	**5,281**	6,678
More than 90 days	**44,715**	31,530
Trade debtors from contracts with customers derived from goods and services	**88,698**	104,107
Prepayment for land development cost (note b)	**555,556**	586,286
Deposits paid for acquisition of inventory of properties (note c)	**1,915,051**	694,857
Prepayment of value added tax and other taxes	**138,468**	1,451,347
Prepayment for property, plant and equipment and investment properties	**36,867**	70,200
Other receivables, deposits and prepayments	**612,517**	744,581
Total debtors, deposits and prepayments	**3,347,157**	3,651,378
Less: Amounts classified as non-current assets	**(36,867)**	(70,200)
Amounts classified as current assets	**3,310,290**	3,581,178

24. DEBTORS, DEPOSITS AND PREPAYMENTS *(CONTINUED)*

Notes:

(a) The debtors are mainly arisen from sale of properties. Consideration in respect of properties sold is paid in accordance with the terms of the related sale and purchase agreements, normally within 60 to 90 days from the agreements. For most of the property projects, consideration will be fully received prior to the delivery of the properties to the property purchasers.

(b) In January 2016, the Group entered into an agreement with certain independent third parties who own certain pieces of industrial land in Jinan, the PRC (the "Contracting Parties") pursuant to which the Group will pay not more than RMB500,000,000 to the Contracting Parties to settle the debts of Contracting Parties and for the severance payments and labour compensation of the Contracting Parties such that the land can be cleared up and its use can be changed from industrial to residential purpose and put into public auction. At 31 December 2019, prepayment of land development cost of HK$555,556,000 (2018: HK$571,429,000) has been fully paid in prior years. According to the agreement, if the Group cannot obtain the land through the public auction, the prepayment will be refunded in full and a daily interest of 0.03% on the prepaid amount will be received. During the year ended 31 December 2019, the Group has been actively negotiating with the local government which supports to expedite the whole land development progress with the approval from relevant local authorities and put the land into public auction and there is no material deviation from the agreed timetable so far.

The Group had also paid HK$14,857,000 as at 31 December 2018 to certain independent third parties for the land development cost in the PRC. The amounts have been fully refunded to the Group in July 2019.

(c) The amount represents refundable deposits paid for acquisition of property development projects in the PRC, which will be fully refunded if the Group cannot acquire the land/property projects successfully. Subsequent to the reporting period, tender deposits of HK$1,268,318,000 have been refunded to the Group and transferred to a property joint venture.

In determining the recoverability of trade debtors, the Group considers any change in the credit quality of the trade debtor from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited because the customer base is large and unrelated. The Directors consider that no credit loss provision is required at the end of the reporting period for trade debtors. Details of impairment assessment of trade and other receivables for the years ended 31 December 2019 and 2018 are set out in note 40(b)(ii).

25. FINANCIAL ASSETS AT FVTPL

	2019 HK$'000	2018 HK$'000
Foreign currency forward contracts (note a)	**136,086**	133,564
Investments in unlisted entities (note b)	**361,567**	514,286
	497,653	647,850
Analysed for reporting purposes as:		
Current assets	**136,086**	133,564
Non-current assets	**361,567**	514,286
	497,653	647,850

Notes:

(a) The Group has 7 (2018: 10) RMB/US$ net-settled structured foreign currency forward contracts with banks in Hong Kong in order to manage the Group's currency risk.

The above foreign currency forward contracts with gross amount of HK$136,086,000 (2018: HK$133,564,000) are covered by the International Swaps and Derivatives Association Master Agreements ("ISDA Agreements") signed with two banks. These derivative instruments are not offset in the consolidated statement of financial position as the ISDA Agreements are in place with a right of set off only in the event of default, insolvency or bankruptcy so that the Group currently has no legally enforceable right to set off the recognised amounts. There are no other amounts related to these contracts that are not offset in the consolidated statement of financial position.

The Group is required to transact with the bank at the end of the contract period for designated notional amount under the respective contracts. If the spot rate for conversion of US$ for RMB as prevailing in the international foreign exchange market ("Spot Rate") on fixing date is (1) at or above the capped strike rate, the Group will buy US$ notional amount at the varied strike rate, which is the Spot Rate on fixing date minus the spread between the capped strike rate and the strike rate; (2) below the capped strike rate, the Group will buy the US$ notional amount at the strike rate; (3) below the capped strike rate and at or above the floor strike rate, the Group will buy US$ notional amount at the strike rate, and; (4) at or below the floor strike rate, the Group will buy US$ notional amount at the varied strike rate, which is the Spot Rate on fixing date plus the spread between the floor strike rate and the strike rate.

Number of contracts outstanding at 31 December		Notional amount	Contract date	Strike rate	Floor strike rate	Capped strike rate	Fixing date (note 1)
2019	2018						
1	–	US$100,000,000	January 2019	6.828	6.650	7.200	April 2021
2	–	US$150,000,000	January 2019	6.874	6.650	7.200	January 2022
4	4	US$500,000,000 (note 2)	July 2018	6.770 – 6.782	6.500	7.200	September 2021
–	6	US$450,000,000	August 2016	6.640 – 6.650	N/A	7.200	August 2019
7	10						

Notes:

1. The contract maturity date is approximate to the fixing date.

2. In July 2018, the foreign currency forward contracts with notional amount of US$500,000,000 have been restructured and certain terms including the strike rate and fixing date of the contracts have been revised.

25. FINANCIAL ASSETS AT FVTPL *(CONTINUED)*

Notes: *(Continued)*

(a) *(Continued)*

The above contracts are measured at fair value at the end of the reporting period. None of these derivative contracts were designated as hedging instruments and the fair value gain amounting to HK$142,109,000 in 2019 (2018: HK$182,627,000) is recognised in profit or loss.

(b) In May 2018, the Group made an investment of RMB190,000,000 (equivalent to HK$217,143,000) to a subsidiary of an unlisted entity ("Entity A") independent of the Group engaging in providing co-working space in the PRC. At 31 December 2019, the Group had 1.427% (2018: 1.533%) equity interest in Entity A. Entity A submitted the initial public offering prospectus to the Securities Exchange Commission in the United States in December 2019 and Entity A had not yet obtained the listing status up to date these consolidated financial statements are authorised for issue. The fair value of the investment in Entity A is determined to be HK$93,333,000 (2018: HK$217,143,000). Fair value loss amounting to HK$120,045,000 was recognised in profit or loss in 2019.

In December 2018, the Group acquired from another independent third party 250,251,751 trust units, which represent a non-controlling interest in a unit trust (the "Entity B") with the underlying investment in tourism related property development project in Yunnan, the PRC at a cash consideration of RMB260,000,000 (equivalent to HK$297,143,000). The outstanding trust units held by the Group at 31 December 2019 are 201,400,000 (2018: 250,251,751). The subject asset of the underlying project is a bare land in Yunnan, the PRC pending for future development and the investee is still working on the development plan and seeking for the approval by the local government. The fair value of investment in the Entity B is determined to be HK$268,234,000 (2018: HK$297,143,000).

Details of the fair value measurement of the derivative contracts and investments are set out in note 40(c)(i).

26. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits of HK$721,760,000 (2018: HK$128,951,000) in total are pledged as securities in favour of banks for mortgage facilities granted to the buyers of properties developed by the Group and bank borrowings granted to the Group.

Included in bank balances and cash, bank balances amounting to HK$1,212,308,000 (2018: HK$1,120,109,000) were restricted to be used for the development of certain property projects. These bank balances comprised the proceeds received from pre-sale of properties of certain property projects deposited into designated bank accounts of the Group according to the relevant regulations in Hong Kong and mainland China.

Bank balances carried interest at market rates which range from 0.01% to 4.2% (2018: 0.13% to 3.7%) per annum.

The Group's pledged bank deposits and bank balances and cash that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2019 **HK$'000**	2018 HK$'000
United States dollars	**2,941,461**	2,050,522
Hong Kong dollars	**1,665,065**	909,435

27. SHARE CAPITAL

	2019 Number of shares	2018 Number of shares	**2019 HK$'000**	2018 HK$'000
Authorised:				
Ordinary shares of HK$0.1 each	**20,000,000,000**	20,000,000,000	**2,000,000**	2,000,000
7.5% convertible preference shares of HK$0.1 each	**518,380**	518,380	**52**	52
Issued and fully paid:				
Ordinary shares				
At 1 January	**749,336,566**	748,136,566	**74,934**	74,814
Issue of shares upon exercise of share options	**–**	1,200,000	**–**	120
At 31 December	**749,336,566**	749,336,566	**74,934**	74,934

During the year, there was no new share issued.

No convertible preference shares are issued in both years.

28. SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") on 8 May 2013. The purpose of the Scheme is to provide participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and the shares for the benefit of the Company and the shareholders as a whole.

The participants of the Scheme include any Executive or Non-executive Directors of the Group, any executives, officers, consultants or full-time employees of the Group.

The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company and/or any subsidiary shall not in aggregate exceed 10% (the "10% Limit") in nominal amount of the aggregate of the shares in issue on the adoption date. Options lapsed or cancelled in accordance with the terms of the Scheme and such other share option schemes of the Company and/or any subsidiary shall not be counted for the purpose of calculating the 10% Limit. The 10% Limit may be refreshed with the approval of the shareholders of the Company. The limit on the total number of the shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme, together with all outstanding options granted and yet to be exercised under any other share option schemes of the Company and/or any subsidiary, must not exceed 30% of the number of issued shares from time to time.

The total number of shares issued and to be issued upon exercise of all options granted and to be granted to each participant under the Scheme and any other share option schemes of the Company and/or any subsidiary (including exercised, cancelled and outstanding options) in any 12-month period must not exceed 1% of the number of shares in issue as at the proposed grant date unless the same is approved by the shareholders.

The option exercisable period commences on the commencement date (the date upon which the options are granted and accepted) of such options and ends on the fifth anniversary of the commencement date. Each participant must pay HK$1 as consideration for the grant of options not later than 30 days after the grant date.

The exercise price shall be determined by the Board of Directors, being not less than the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheets on the grant date; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the grant date; and (c) the nominal value of the shares.

The Scheme shall be valid and effective for a period of 10 years commencing on the adoption date, i.e. 8 May 2013.

The Group has no outstanding share option as at 31 December 2019 and 2018.

28. SHARE OPTION SCHEME *(CONTINUED)*

The following table discloses details of the Company's exercisable share options held by the Directors and employees and movements in such holdings during the year ended 31 December 2018.

2018

Date of grant	Exercisable period	Exercise price HK$	Balance at 1.1.2018	Exercised during the year	Cancelled/ lapsed during the year	Balance at 31.12.2018
Director						
28 May 2013	29 May 2013 to 28 May 2018	7.13	100,000	(100,000)	–	–
Employees						
28 May 2013	29 May 2013 to 28 May 2018	7.13	1,100,000	(1,100,000)	–	–
			1,200,000	(1,200,000)	–	–
Weighted average exercise price			7.13	7.13	–	–

29. BANK AND OTHER BORROWINGS

	Notes	2019 HK$'000	2018 HK$'000
2016 August guaranteed senior notes	(a)	**–**	3,565,331
2016 September guaranteed senior notes	(b)	**3,941,165**	3,931,673
2016 Domestic bonds	(c)	**–**	1,703,141
2019 January guaranteed senior notes	(d)	**3,149,268**	–
2019 February guaranteed senior notes	(e)	**3,196,154**	–
2019 September guaranteed senior notes	(f)	**3,756,344**	–
2019 Domestic bonds	(g)	**1,631,989**	–
Bank loans	(h)	**12,630,802**	8,931,097
Other loans	(i)	**1,835,573**	2,513,755
		30,141,295	20,644,997

29. BANK AND OTHER BORROWINGS *(CONTINUED)*

The maturity of the above loans is as follows:

	2019 **HK$'000**	2018 HK$'000
Unsecured borrowings repayable*:		
Within one year	**979,969**	4,448,446
More than one year but not exceeding two years	**10,086,512**	1,034,696
More than two years but not exceeding five years	**8,313,560**	7,406,220
	19,380,041	12,889,362
Secured borrowings repayable*:		
Within one year	**6,639,036**	4,558,678
More than one year but not exceeding two years	**2,392,033**	956,057
More than two years but not exceeding five years	**833,985**	571,826
More than five years	**196,200**	215,074
	10,061,254	6,301,635
Carrying amounts of unsecured bank loans contain a repayable on demand clause		
– repayable within one year	**200,000**	1,454,000
– repayable more than two years but not exceeding five years (shown under current liabilities)	**500,000**	–
Total borrowings	**30,141,295**	20,644,997
Less: Amounts classified as current liabilities	**(8,319,005)**	(10,461,124)
Amounts due over one year shown and classified as non-current liabilities	**21,822,290**	10,183,873

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

29. BANK AND OTHER BORROWINGS *(CONTINUED)*

Notes:

(a) The 2016 August guaranteed senior notes with an outstanding principal amount of US$450,000,000 as at 31 December 2018 were listed on the Stock Exchange and were issued in August 2016. The notes, bearing interest at a fixed rate of 5% per annum, in an amount of US$224,743,000 was repurchased in January 2019 and the balance of US$225,257,000 was matured in August 2019.

(b) The 2016 September guaranteed senior notes with an outstanding principal amount of US$500,000,000 (2018: US$500,000,000) are listed on the Stock Exchange and were issued in September 2016. The notes, bearing interest at a fixed rate of 4.7% per annum, will mature in September 2021.

The Group may at any time prior to 6 September 2019 redeem the senior notes, in whole and not in part, at a redemption price equal to 100% of their principal amount plus accrued and unpaid interest to the redemption date. At any time on or after 6 September 2019, the Group may redeem the senior notes, in whole or in part, at a redemption price equal to 102.35% of the principal amount for the period beginning on 6 September 2019 to 31 December 2019 or 101.175% of the principal amount for the period from 1 January 2020 and thereafter and plus accrued and unpaid interest to the redemption date. In addition, at any time prior to 6 September 2019, the Group may redeem the senior notes using proceeds from certain equity offerings at a redemption price of 104.7% of the principal amount plus accrued and unpaid interest to the redemption date provided that at least 65% of the senior notes originally issued remain outstanding after each such redemption. The Group will be obliged to make an offer to repurchase all the senior notes then outstanding at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest to the date of repurchase upon the occurrence of a change of control and a rating decline as defined in the offering memorandum.

In the opinion of the Directors, the fair value of the early redemption option is insignificant at initial recognition and the end of the reporting period.

(c) The Group had issued 2016 Domestic bonds with an outstanding principal amount of RMB1,500,000,000 in September 2016. The bonds were listed on the Shanghai Stock Exchange, bearing interest at a fixed rate of 4.5% per annum and had a term of five years with the Group's option to adjust the coupon rate after the end of the third year of issuance and the investors' entitlement to require the Group to repurchase the bonds at the principal amount. The Group had repurchased all the outstanding bonds at the principal amount in September 2019.

(d) The 2019 January guaranteed senior notes with an outstanding principal amount of US$400,000,000 are listed on the Singapore Stock Exchange Securities Trading Limited ("Singapore Exchange") and were issued in January 2019. The notes, bearing interest at a fixed rate of 7.75% per annum, will mature in April 2021.

The Group may at any time redeem the senior notes, in whole and not in part, at a redemption price equal to 100% of their principal amount plus the applicable premium and accrued and unpaid interest to the redemption date. The Group may redeem the senior notes using proceeds from certain equity offerings at a redemption price of 107.75% of the principal amount of the senior notes plus accrued and unpaid interest to the redemption provided that at least 65% of the senior notes originally issued remain outstanding after each such redemption. The Group will be obliged to make an offer to repurchase all the senior notes then outstanding at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest to the date of repurchase upon the occurrence of a change of control and a rating decline as defined in the offering memorandum.

In the opinion of the Directors, the fair value of the early redemption option is insignificant at initial recognition and the end of the reporting period.

29. BANK AND OTHER BORROWINGS *(CONTINUED)*

Notes: *(Continued)*

(e) The 2019 February guaranteed senior notes with an outstanding principal amount of US$400,000,000 are listed on the Singapore Exchange and were issued in February 2019. The notes, bearing interest at a fixed rate of 7.875% per annum, will mature in February 2023.

The Group may at any time prior to 1 February 2021 redeem the senior notes, in whole and not in part, at a redemption price equal to 100.0% of their principal amount plus the applicable premium and accrued and unpaid interest to the redemption date. At any time and from time to time on or after 1 February 2021, the Group may redeem the senior notes, in whole or in part at a redemption price equal to 103.9375% of the principal amount for the period beginning on 1 February 2021 to 31 January 2022 or 101.9688% of the principal amount for the period from 1 February 2022 and thereafter and plus accrued and unpaid interest to the redemption date. In addition, at any time and time to time prior to 1 February 2021, the Group may redeem the senior notes using proceeds from certain equity offerings at a redemption price of 107.875% of the principal amount plus accrued and unpaid interest to the redemption date provided that at least 65% of the aggregate principal amount of the senior notes originally issued remain outstanding after each such redemption. The Group will be obliged to make an offer to repurchase all the senior notes then outstanding at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest to the date of repurchase upon the occurrence of a change of control and a rating decline as defined in the offering memorandum.

In the opinion of the Directors, the fair value of the early redemption option is insignificant at initial recognition and the end of the reporting period.

(f) The 2019 September guaranteed senior notes with an outstanding principal amount of US$480,000,000 are listed on the Singapore Exchange and were issued in September 2019. The notes, bearing interest at a fixed rate of 6.7% per annum, will mature in September 2024.

The Group may at any time prior to 30 September 2022 redeem the senior notes, in whole and not in part, at a redemption price equal to 100% of their principal amount plus accrued and unpaid interest to the redemption date. At any time on or after 30 September 2022, the Group may redeem the senior notes, in whole or in part, at a redemption price equal to 103.350% of the principal amount for the period beginning on 30 September 2022 to 29 September 2023 or 101.675% of the principal amount for the period from 30 September 2023 and thereafter and plus accrued and unpaid interest to the redemption date. In addition, at any time prior to 30 September 2022, the Group may redeem the senior notes using proceeds from certain equity offerings at a redemption price of 106.7% of the principal amount plus accrued and unpaid interest to the redemption date provided that at least 65% of aggregate principal amount of the senior notes originally issued remain outstanding after each such redemption. The Group will be obliged to make an offer to repurchase all the senior notes then outstanding at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest to the date of repurchase upon the occurrence of a change of control and a rating decline as defined in the offering memorandum.

In the opinion of the Directors, the fair value of the early redemption option is insignificant at initial recognition and the end of the reporting period.

(g) The Group has issued 2019 Domestic bonds with an outstanding principal amount of RMB1,500,000,000 in September 2019. The bonds are listed on the Shanghai Stock Exchange, bearing interest at a fixed rate of 7% per annum and have a term of three years with the Group's option to adjust the coupon rate after the end of the second year of issuance and the investors' entitlement to require the Group to repurchase the bonds at the principal amount.

(h) Bank loans with carrying amount of HK$5,004,119,000 (2018: HK$4,280,629,000) bear a floating interest rate based on PBOC plus a specified margin, ranging from 4.61% to 7.13% (2018: 4.42% to 6.65%) per annum. Bank loans with carrying amount of HK$2,564,347,000 (2018: HK$639,363,000) bear interest at a fixed rate of 6%-10% (2018: 6%) per annum. Interest rates on the remaining bank loans, which carry at floating interest rates based on either Hong Kong Interbank Offered Rate ("HIBOR") or London Interbank Offered Rate ("LIBOR") plus a specified margin, ranging from 2.35% to 5.68% (2018: 3.65% to 6.6%) per annum.

(i) Other loans with carrying amount of HK$1,835,573,000 (2018: HK$2,513,755,000) bear interest at a fixed rate ranging from 9.98% to 18% (2018: 6.79% to 18%) per annum and are borrowed from certain trust companies.

29. BANK AND OTHER BORROWINGS *(CONTINUED)*

The effective interest rate of the Group's fixed rate borrowings and variable rate borrowings ranged from 4.7% to18% (2018: 4.5% to 18%) per annum and 2.35% to 7.13% (2018: 3.65% to 6.65%) per annum, respectively.

Details on the fair value disclosures of the guaranteed senior notes are set out in note 40(c)(ii).

The Group's borrowings that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2019 HK$'000	2018 HK$'000
United States dollars	**15,999,312**	9,973,282
Hong Kong dollars	**3,110,221**	1,539,822

30. DEFERRED TAXATION

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior years:

	Tax losses HK$'000	**Unrealised profits in interests in joint ventures** HK$'000	**Undistributed earnings of subsidiaries and joint ventures in the PRC** HK$'000	**Change in fair value of investment properties** HK$'000	**Interest capitalised on properties under development** HK$'000	**Total** HK$'000
At 1 January 2018	(40,907)	–	337,349	301,620	145,114	743,176
(Credit) charge for the year	(82,076)	–	211,475	21,188	(56,634)	93,953
Acquisition of subsidiaries (note 42)	(11,648)	–	–	–	–	(11,648)
Disposal of subsidiaries	296	–	–	–	–	296
Exchange adjustments	4,159	–	(20,019)	(11,972)	(4,806)	(32,638)
At 31 December 2018	(130,176)	–	528,805	310,836	83,674	793,139
Charge (credit) for the year	**17,693**	**(16,027)**	**169,766**	**(2,372)**	**(3,210)**	**165,850**
Acquisition of subsidiaries (note 42)	**(8,578)**	**–**	**–**	**–**	**–**	**(8,578)**
Exchange adjustments	**3,280**	**303**	**(17,896)**	**(8,590)**	**(2,261)**	**(25,164)**
At 31 December 2019	**(117,781)**	**(15,724)**	**680,675**	**299,874**	**78,203**	**925,247**

Note: Deferred tax has been provided for (i) tax losses; (ii) unrealised profits in interests in joint ventures; (iii) undistributed earnings of subsidiaries and joint ventures in the PRC; (iv) change in fair value of investment properties and (v) temporary differences between the carrying amount and the tax base of properties under development for sale, arising from the capitalisation of certain interest expenses in properties under development for sale at consolidation level.

30. DEFERRED TAXATION *(CONTINUED)*

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2019 **HK$'000**	2018 HK$'000
Deferred tax assets	**(133,505)**	(130,176)
Deferred tax liabilities	**1,058,752**	923,315
	925,247	793,139

At 31 December 2019, the Group has estimated unused tax losses of HK$985,994,000 (2018: HK$645,434,000) available to offset against future profits. A deferred tax asset has been recognised in respect of HK$471,124,000 (2018: HK$520,704,000) of such losses. No deferred tax asset has been recognised in respect of the remaining losses of HK$514,870,000 (2018: HK$124,730,000) due to the unpredictability of future taxable profit streams. Included in unrecognised tax losses are losses of HK$451,634,000 (2018: HK$97,073,000) that will expire within five years in PRC from the end of the reporting period and the remaining tax losses will be carried forward indefinitely.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred tax has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK$4,888,889,000 (2018: HK$2,848,869,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

31. CREDITORS AND ACCRUED CHARGES

	2019 HK$'000	2018 HK$'000
Aged analysis of creditors presented based on invoice date:		
Trade payables		
Within 60 days	**836,751**	481,553
61 to 90 days	**31,576**	15,328
More than 90 days	**1,115,718**	854,397
	1,984,045	1,351,278
Bills payables		
Within 60 days	**5,375**	12,641
61 to 90 days	**5,146**	21,767
More than 90 days	**6,388**	5,201
	16,909	39,609
Accrued construction costs	**4,786,513**	5,467,177
	6,787,467	6,858,064
Accrued taxes (other than EIT and LAT)	**718,887**	965,047
Consideration payable for the acquisition of subsidiaries and joint ventures	**969,825**	342,608
Dividends payable to non-controlling interests of subsidiaries	**225,000**	200,000
Other payables	**1,699,253**	1,459,212
	10,400,432	9,824,931

32. AMOUNTS DUE TO JOINT VENTURES AND AN ASSOCIATE

The amounts are unsecured, interest-free and repayable on demand.

33. AMOUNTS DUE TO NON-CONTROLLING INTERESTS OF SUBSIDIARIES

The amounts are unsecured, with effective interest rates and either repayable on demand or due within one year from the end of reporting period.

34. CONTRACT LIABILITIES

	2019 HK$'000	2018 HK$'000
Sale of properties	**8,481,912**	16,288,131

The contract liabilities of the Group are all expected to be settled within the Group's normal operating cycle and thus are classified as current liabilities.

The revenue recognised in the current year that was included in the contract liability balance at prior year end was HK$14,647,842,000 (2018: HK$13,785,959,000). No revenue is recognised in the current year which was related to the performance obligations satisfied in prior period.

Typical payment terms in respect of sale of properties, which impact on the amount of contract liabilities recognised are as follows:

The Group receives 30% to 100% of the contract value from customers when they sign the sale and purchase agreements while construction work of properties is still ongoing. For the customers who applied mortgage loans provided by the banks, the remaining consideration will be paid to the Group from the banks once the mortgage loan application has been completed and release of fund has been approved. Such advance payment schemes result in contract liabilities being recognised through the property construction period until the customer obtains control of the completed property.

35. LEASE LIABILITIES

	2019 HK$'000
The maturity of the lease liabilities payable is as follows:	
Within one year	**27,087**
More than one year but not exceeding two years	**27,108**
More than two years but not exceeding five years	**82,130**
More than five years	**32,328**
	168,653
Less: Amounts classified as current liabilities	**(27,087)**
Amounts due over one year shown and classified as non-current liabilities	**141,566**

Lease obligations that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2019 HK$'000
Hong Kong dollars	**53,961**

36. OTHER FINANCIAL LIABILITIES

According to an investment agreement and shareholders' agreement ("Agreements") dated 4 July 2019 entered by an independent investor (the "Investor") and the Group, the Investor has acquired 26.32% shareholding in Best Key Ventures Limited ("Best Key"), a wholly-owned subsidiary of the Company and the total cash consideration paid by the Investor is US$50,000,000 (equivalent to HK$390,000,000). The transaction was completed in July 2019.

Based on the Agreements, the Investor has the option to put the shares back to the Group at the end of 3 years from the date of the shareholders' agreement i.e. 31 July 2019 (the "Put Option") and the Investor has the option to put the shares back to the Group after two years if the profit target of Best Key cannot be met and the consideration is the original investment amount paid by the Investor compounded at an annual rate of return of 12% (the "Cash Compensation Option"). For any of the occurrence of the mandatory purchase events as defined in the shareholders' agreement, the Investor has the option to put the shares back to the Group and the consideration is the original investment amount paid by the Investor compounded at an annual rate of return of 12% (the "Mandatory Purchase Option"). If the Investor does not exercise any of its put options and the profit target is not met by the end of 3 years, the Group is required to transfer a variable number of the shares of Best Key held by the Group to the Investor at nil consideration (the "Shares Compensation"). Once the Investor has put the shares back to the Group (the "Disposal"), if Best Key submits an initial public offering application within one year of the Disposal, the Investor has an option (the "Re-entry Buy-back Option") to buy back the disposed shares at the same amount as that received by the Investor from the Disposal ("Re-entry Shares"). If the initial public offering does not occur within one year of the buyback of the Re-entry Shares, the Investor has option (the "Re-entry Put Option") to put these shares back at the amount paid for the Re-entry Shares compounded at an annual rate of return of 12%.

As the Agreements contain an obligation for the Group to purchase its own equity instruments for cash, the Group recognised a financial liability for the present value of the expected redemption amount using an effective interest rate of 12% per annum which amounted to HK$390,000,000 at initial recognition. The financial liability is subsequently measured at amortised cost. The Cash Compensation Option and the Mandatory Purchase Option are considered as closely related to the host financial liability and the fair value of Shares Compensation, Re-entry Buy-back Option and Re-entry Put Option at the date of inception of agreements and the end of reporting period are considered by the Directors as insignificant.

The movement of the other financial liabilities at amortised cost is as follows:

	2019 **HK$'000**
Carrying amount at initial recognition	**390,000**
Interest charge (note 9)	**19,323**
Exchange adjustment	**(365)**
Carrying amount at 31 December 2019	**408,958**

37. PERPETUAL CAPITAL SECURITIES

	2019 HK$'000	2018 HK$'000
2017 February perpetual capital securities (note a)	**2,349,155**	2,349,221
2017 June perpetual capital securities (note a)	**2,283,328**	2,283,417
2019 November perpetual capital securities (note b)	**2,329,436**	–
	6,961,919	4,632,638

Notes:

(a) In February 2017 and June 2017, two wholly-owned subsidiaries of the Company issued US$300 million 7.95% senior guaranteed perpetual capital securities ("2017 February perpetual capital securities") and US$300 million 7% senior guaranteed perpetual capital securities ("2017 June perpetual capital securities") respectively at issue price of 100% of the principal amounts. Both capital securities were then listed on the Singapore Exchange and guaranteed by the Company for the due payment. Distributions are paid semi-annually in arrears and can be deferred at the discretion of the issuers. The perpetual capital securities have no fixed maturity and are redeemable at the issuers' option at their principal amounts together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company cannot declare or, pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank, which includes the ordinary shares of the Company.

(b) In November 2019, a wholly-owned subsidiary of the Company issued US$300 million 7.75% senior guaranteed fixed spread perpetual capital securities ("2019 November perpetual capital securities") at issue price of 100% of the principal amounts. The distribution rate is a subject to reset at the reset date falling immediately after the first call date and each day falling every five calendar years after the first call date. The reset distribution rate is equal to the sum of 6.003% and the Treasury Rate as defined in the terms and conditions of the perpetual securities. The capital securities were then listed on the Singapore Exchange and guaranteed by the Company for the due payment. Distributions are paid semi-annually in arrears and can be deferred at the discretion of the issuers. The perpetual capital securities have no fixed maturity and are redeemable at the issuers' option at their principal amounts together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company cannot declare or, pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank, which includes the ordinary shares of the Company.

Additional information for the capital securities is as follows:

List of perpetual capital securities	**Listing date**	**First call date***
2017 February perpetual capital securities	20 February 2017	17 February 2022
2017 June perpetual capital securities	27 June 2017	23 June 2022
2019 November perpetual capital securities	19 November 2019	18 November 2024

* The issuer may redeem the perpetual capital securities on or after the first call date.

38. RETIREMENT BENEFIT PLANS

For the operations in Hong Kong, the Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees including Directors in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of the independent trustee. Both the Group and the employees contribute a fixed percent to the MPF Scheme based on their monthly salary in accordance with government regulations. The MPF Scheme contributions represent contributions payable to the fund by the Group at rates specified in the rules of the MPF Scheme. Where there are employees who leave the MPF Scheme prior to vesting fully in the contributions, the amount of the forfeited contributions will be refunded to the Group. There were no forfeited contributions available to be refunded at the end of the reporting period.

For the operations in the PRC, the employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government. The subsidiaries are required to contribute a fixed percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement scheme is to make the specified contributions.

39. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debts and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debts, which include bank and other borrowings disclosed in note 29, and equity comprising issued capital and reserves, perpetual capital securities and non-controlling interests of subsidiaries.

The management of the Group reviews the capital structure periodically. As part of this review, the management of the Group assesses the annual budget which incorporates the planned construction projects and takes into account of the provision of funding. Based on the proposed annual budget, the management of the Group considers the cost of capital and the risks associated with the capital. The management of the Group also balances its overall capital structure through the payment of dividends, new share issues as well as the issue of new debts or the redemption of existing debts.

The management of the Group monitors the utilisation of bank and other borrowings and ensures full compliance with loan covenants during the year and at the end of the reporting period.

40. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2019 HK$'000	2018 HK$'000
Financial assets		
Financial assets at amortised cost	**30,167,075**	30,166,967
Financial assets at FVTPL	**497,653**	647,850
Financial liabilities		
Financial liabilities at amortised cost	**46,611,552**	31,717,278

(b) Financial risk management objectives and policies

The management of the Group has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

There has been no material change to the Group's exposure to market risks or the manner in which it manages and measures these risks.

40. FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Financial risk management objectives and policies *(Continued)*

(i) Market risk

The Group's activities expose primarily to the financial risks of changes in foreign exchange rate and interest rates.

Foreign currency risk management

Certain transactions of the Group are denominated in foreign currencies which are different from the functional currency of the respective group entities and therefore the Group is exposed to foreign currency risk. The Group entered into a number of structured foreign currency forward contracts with banks to manage the Group's currency risk and the details were set out in note 25. The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
United States dollars	**3,020,591**	2,176,129	**16,566,912**	9,973,282
Hong Kong dollars	**1,647,244**	849,484	**1,853,980**	1,267,124

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in the Renminbi against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rate. A positive number below indicates an increase in profit where Renminbi strengthens against the relevant currencies. For a 5% weakening of Renminbi against the relevant currencies, there would be an equal and opposite impact on the profit, and the balances below would be negative.

	Profit or loss	
	2019	2018
	HK$'000	HK$'000
United States dollars	**677,316**	389,858
Hong Kong dollars	**10,337**	20,882

Interest rate risk management

The Group is exposed to cash flow interest rate risk due to the fluctuation of HIBOR, LIBOR and PBOC prescribed interest rate on bank balances, pledged bank deposits, amounts due from joint ventures, amounts due to non-controlling interests of subsidiaries and bank and other borrowings.

The Group's fair value interest rate risk relates primarily to loan receivables, amounts due from joint ventures, amounts due to non-controlling interests of subsidiaries, lease liabilities, bank and other borrowings and other financial liabilities which carry interest at fixed interest rates. The Group currently does not have an interest rate hedging policy. However, the management will consider hedging significant interest rate exposure should the need arise.

40. FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Financial risk management objectives and policies *(Continued)*

(i) Market risk *(Continued)*

Interest rate risk management *(Continued)*

Total interest revenue/income and expenses from financial assets and financial liabilities that are measured at amortised cost is as follows:

	2019 HK$'000	2018 HK$'000
Financial assets at amortised cost		
– Interest revenue from fund investment business	**164,201**	146,068
– Interest income from bank deposits and amounts due from joint ventures	**492,564**	778,753
Revenue/interest income under effective interest method	**656,765**	924,821
Financial liabilities at amortised cost		
– Interest expense on financial liabilities not measured at FVTPL	**756,694**	434,789

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for variable rate bank and other borrowings at the end of the reporting period. The analysis is prepared assessing the bank and other borrowings outstands at the end of the reporting period were outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rate.

If the interest rate had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2019 would decrease/increase by HK$20,388,000 (2018: HK$12,023,000) after capitalisation of additional finance costs of HK$29,338,000 (2018: HK$29,436,000) in properties under development for sale.

Bank balances and pledged bank deposits are excluded from sensitivity analysis as the Directors consider the exposure of cash flow interest rate risk arising from variable-rate bank balances and pledged bank deposits is insignificant.

40. FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Financial risk management objectives and policies *(Continued)*

(ii) Credit risk and impairment management

The Group's maximum exposure to credit risk which will cause a financial loss to the Group is arising from the amount of financial guarantees provided by the Group and the amount of each class of financial assets as disclosed in the consolidated statements of financial position. Other than the collateral to cover the credit risks of the loan receivables as detailed in note 21, the Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets and financial guarantee contracts.

In order to minimise the credit risk, the management of the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on financial assets at amortised cost individually or collectively, where appropriate. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

Trade debtors arising from contracts with customers

Over 90% of the trade debtor balance is arising from the sale of properties in the PRC. The Group has no concentration of credit risk for the trade debtors as no single trade debtor accounted for 5% of the total trade debtor balances of the Group at the end of the reporting period.

In addition, the Group performs impairment assessment under ECL model on trade debtor balances individually. For the years ended 31 December 2019 and 2018, the Group assessed the ECL for trade debtors were insignificant and thus no loss allowance was recognised.

Loan receivables

The Group has designated team to assess the credit quality of the borrowers before an advance is made. The Group would generally require the borrowers to provide collaterals for the loans with material balances i.e. the properties owned by the borrowers or equity interests in the property companies. The Group also closely monitor the repayment status of the loan receivables and the status and conditions of the collaterals and request for credit enhancements if necessary. The Directors estimate the estimated loss rates of loan receivables based on historical credit loss experience of the borrowers as well as the fair value of the collateral pledged by the customers to the loan receivables. Based on assessment under ECL model by the Directors, the expected credit loss on credit-impaired loan receivables for the year ended 31 December 2019 was HK$40,417,000 (2018: nil) due to financial difficulty of the borrower. The Group has concentration of credit risks in loan receivables as 85% (2018: 82%) of the loan receivables was due from the three largest borrowers.

40. FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Financial risk management objectives and policies *(Continued)*

(ii) Credit risk and impairment management *(Continued)*

Amounts due from joint ventures

The joint ventures of the Group mainly engage in toll road operation and property development business in the PRC. The Group regularly monitors the business performance, financial position and repayment status of the joint ventures. The Group's credit risks in these balances are mitigated through the value of the assets held by these entities and the power to jointly control the relevant activities of the investees. The Directors believe that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the years ended 31 December 2019 and 2018, the Group assessed the ECL for amounts due from joint ventures were insignificant and thus no loss allowance was recognised in both years. The Group has concentration of credit risks in amounts due from joint ventures as 38% (2018: 35%) of the loan receivables was due from the three largest borrowers within the property development and investment business.

Other receivables

For other receivables and deposits, the Directors make periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The Directors believe that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the years ended 31 December 2019 and 2018, the Group assessed the ECL for other receivables and deposits were insignificant and thus no loss allowance was recognised.

Pledged bank deposits and bank balances

The Group's credit risk on pledged bank deposits and balances is limited because the counterparties are banks with high credit ratings and good reputation established in the PRC and Hong Kong. The Group assessed 12m ECL for pledged bank deposits and bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on pledged bank deposits and bank balances for the years ended 31 December 2019 and 2018 is considered to be insignificant and no loss allowance was recognised.

Financial guarantee contracts

For the financial guarantee contracts provided by the Group to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of properties, the Group measured the loss allowance on financial guarantee contracts by reference to the historical default rate of the purchasers, the loss on default based on the current property value and the pre-sale deposits already received and the forward looking information. The Directors considered that the loss allowances on financial guarantee contracts at 31 December 2019 and 2018 were insignificant to the Group. For properties which have been pre-sold, or for the completed properties that sold but the building ownership certificate not yet issued, the Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties for an amount up to 70% of the total purchase price of the property. If a purchaser defaults on the payment of its mortgage during the term of guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount of the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the customer's sales deposit and sell the property to recover any amounts paid by the Group to the bank. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

40. FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Financial risk management objectives and policies *(Continued)*

(ii) Credit risk and impairment management *(Continued)*

The table below details the credit risk exposures of the Group's financial assets and financial guarantee contracts, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount 2019 HK$'000	Gross carrying amount 2018 HK$'000	ECL 2019 HK$'000	ECL 2018 HK$'000
Financial assets at amortised costs								
Amounts due from joint ventures	20	N/A	(note 1)	12m ECL	**10,460,578**	13,894,170	**–**	–
Loan receivables	21	N/A	(note 1)	12m ECL	**341,506**	2,357,316	**–**	–
				Lifetime ECL (not credit-impaired)	**1,128,428**	–	**–**	–
				Credit-impaired	**40,417**	–	**40,417**	–
					1,510,351	2,357,316	**40,417**	–
Other debtors	24	N/A	(note 1)	12m ECL	**2,975,267**	1,889,188	**–**	–
Trade debtors	24	N/A	(note 2)	Lifetime ECL (not credit-impaired)	**88,698**	104,107	**–**	–
Pledged bank deposits	26	Ranged from AA+ to BBB-	N/A	12m ECL	**721,760**	128,951	**–**	–
Bank balances	26	Ranged from AA+ to BBB-	N/A	12m ECL	**14,448,916**	11,791,039	**–**	–
Financial guarantee contracts	45	N/A	(note 3)	12m ECL	**13,708,328**	15,780,914	**–**	–

Notes:

1. For the purposes of internal credit risk management, the Group uses the financial performance of the joint ventures including their profitability and net asset position to assess whether credit risk on amounts due from joint ventures has been increased significantly since initial recognition. The Group assess whether credit risk on loans receivables has been increased significantly since initial recognition based on the settlement status of the loans principal and interest and whether the loan period has been extended during the year. For other debtors, they are either not past due or have no fixed repayment terms and the Group consider there is no significant increase in credit risk since initial recognition.

2. For trade debtors, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items individually based on the past due status, historical settlement record and forward looking information.

3. For financial guarantee contracts, the gross carrying amount represents the maximum amount the Group has guaranteed under the respective contracts.

40. FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Financial risk management objectives and policies *(Continued)*

(ii) Credit risk and impairment management *(Continued)*

The following table shows the movement in 12m ECL and lifetime ECL that has been recognised for loan receivables.

	12m ECL HK$'000	Lifetime ECL (not credit-impaired) HK$'000	Credit-impaired HK$'000	Total HK$'000
At 1 January 2018 and 31 December 2018	–	–	–	–
Changes due to financial instruments				
Recognised as at 1 January 2019:				
– Impairment loss recognised	–	40,417	–	40,417
– Transfer to credit-impaired	–	(40,417)	40,417	–
At 31 December 2019	–	–	40,417	40,417

Changes in the loss allowance for loan receivables are mainly due to one borrower with a gross carrying amount of HK$40,417,000 (2018: HK$114,500,000) defaulted and transferred to credit-impaired.

(iii) Liquidity risk management

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of bank and other borrowings and ensures compliance with loan covenants.

Ultimate responsibility for liquidity risk management rests with the management of the Group who has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate working capital and available banking facilities and continuously monitors the forecast and actual cash flows.

Liquidity and interest risk tables

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

40. FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Financial risk management objectives and policies *(Continued)*

(iii) Liquidity risk management *(Continued)*

Liquidity and interest risk tables *(Continued)*

	Weighted average effective interest rate	On demand or less than 6 months	6 – 12 months	1 – 2 years	2 – 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2019								
Creditors and accrued charges	–	10,400,432	–	–	–	–	10,400,432	10,400,432
Amounts due to joint ventures and an associate	–	2,897,818	–	–	–	–	2,897,818	2,897,818
Bank and other borrowings								
– fixed rate	6.92	2,680,473	2,409,012	8,508,779	9,574,174	–	23,172,438	20,074,840
– variable rate	5.21	2,285,153	1,837,648	4,024,973	2,635,828	232,353	11,015,955	10,066,455
Amounts due to non-controlling interests of subsidiaries	7.68	159,195	2,816,099	–	–	–	2,975,294	2,763,049
Lease liabilities	5.36	20,634	18,072	35,804	85,134	37,445	197,089	168,653
Other financial liabilities	12	436,800	–	–	–	–	436,800	408,958
Financial guarantee contracts	–	13,708,328	–	–	–	–	13,708,328	–
		32,588,833	7,080,831	12,569,556	12,295,136	269,798	64,804,154	46,780,205
2018								
Creditors and accrued charges	–	9,824,931	–	–	–	–	9,824,931	9,824,931
Amounts due to joint ventures and an associate	–	1,247,350	–	–	–	–	1,247,350	1,247,350
Bank and other borrowings								
– fixed rate	5.56	340,515	5,494,338	1,563,912	6,169,054	–	13,567,819	12,353,263
– variable rate	5.60	3,373,570	2,161,139	1,012,970	2,195,229	241,106	8,984,014	8,291,734
Financial guarantee contracts	–	15,780,914	–	–	–	–	15,780,914	–
		30,567,280	7,655,477	2,576,882	8,364,283	241,106	49,405,028	31,717,278

Bank loan with a repayment on demand clause is included in the "on demand or less than 6 months" time band in the above maturity analysis. The table below summarises the maturity analysis of bank loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include principal and interest payments computed using contractual rates. Taking into account the Group's financial position, the Directors did not believe that it is probable that the banks would exercise their discretionary rights to demand immediate repayment. The Directors believe that these bank loans would be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Less than 6 months	6 – 12 months	1 – 2 years	Total undiscounted cash flows	Carrying amount
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 December 2019	**717,478**	**–**	**–**	**717,478**	**700,000**
At 31 December 2018	1,487,233	–	–	1,487,233	1,454,000

40. FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Financial risk management objectives and policies *(Continued)*

(iii) Liquidity risk management *(Continued)*

Liquidity and interest risk tables *(Continued)*

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on the expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(c) Fair value of financial instruments

Fair value measurements

(i) Financial assets measured at fair value on a recurring basis

Some of the Group's financial instruments are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Fair value hierarchy as at 31 December 2019

	Level 2 **HK$'000**	**Level 3** **HK$'000**	**Total** **HK$'000**
Financial assets at FVTPL			
Foreign currency forward contracts	**136,086**	**–**	**136,086**
Investments in unlisted entities	**–**	**361,567**	**361,567**
	136,086	**361,567**	**497,653**

Fair value hierarchy as at 31 December 2018

	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets at FVTPL			
Foreign currency forward contracts	133,564	–	133,564
Investments in unlisted entities	–	514,286	514,286
	133,564	514,286	647,850

40. FINANCIAL INSTRUMENTS *(CONTINUED)*

(c) Fair value of financial instruments *(Continued)*

Fair value measurements *(Continued)*

(i) Financial assets measured at fair value on a recurring basis *(Continued)*

The foreign currency forward contracts are grouped into Level 2 fair value measurement and the fair value is determined based on valuation provided by the counterparty financial institutions, which is measured using discounted cash flow analysis based on, inter alia, the contracted exchange rate and the forward exchange rate. The derivative contracts require net settlement on a contract by contract basis.

In respect of the investments in unlisted entities, they include a 1.427% (2018: 1.533%) equity interest in an unlisted entity mainly engaging in providing co-working space in the PRC which is grouped into Level 3 fair value measurement. The carrying amount of the investment at 31 December 2019 is HK$93,333,000 (2018: HK$217,143,000). The fair value of the investment is determined by an independent professional valuer using the market approach. The key unobservable input of the valuation of the unlisted entity is the average price to sale ratio of 8.34 from the recent fund raising transactions of private companies engaging in similar business. In 2018, the fair value was determined by reference to the latest transaction price of the shares issued by the unlisted entity to the investors in the latest private placement near 31 December 2018.

The investments in unlisted entities also include an investment in a trust with the underlying investments in tourism related property development project in Yunnan, the PRC with a carrying amount of HK$268,234,000 (2018: HK$297,143,000). It is grouped under Level 3 fair value measurement and the subject asset of the underlying project is a bare land in Yunnan, the PRC pending for future development and the key unobservable input of the valuation of the investment is by reference to the fair value of the land which is determined by the independent professional valuer based on the market comparable approach. In 2018, as the date of investment is very near the year end date, the fair value of the investment at 31 December 2018 was approximate to the cost of investment.

During the years ended 31 December 2019 and 2018, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

40. FINANCIAL INSTRUMENTS *(CONTINUED)*

(c) Fair value of financial instruments *(Continued)*

Fair value measurements *(Continued)*

(ii) Financial assets and financial liabilities not measured at fair value on a recurring basis (but fair value disclosures are required)

The Directors consider that the carrying amounts of the Group's financial assets and financial liabilities carried at amortised cost in the consolidated financial statements approximate their fair values as at 31 December 2019 and 2018, which are determined in accordance with generally accepted pricing models based on discounted cash flow, except for the following financial liabilities, for which their carrying amounts and fair values (based on the quoted ask price) are disclosed below:

	31 December 2019		31 December 2018	
	Carrying amount HK$'000	**Fair value HK$'000**	Carrying amount HK$'000	Fair value HK$'000
2016 August guaranteed senior notes	**–**	**–**	3,565,331	3,503,682
2016 September guaranteed senior notes	**3,941,165**	**3,900,000**	3,931,673	3,662,880
2016 Domestic bonds	**–**	**–**	1,703,141	1,730,690
2019 January guaranteed senior notes	**3,149,268**	**3,252,288**	–	–
2019 February guaranteed senior notes	**3,196,154**	**3,346,200**	–	–
2019 September guaranteed senior notes	**3,756,344**	**3,898,627**	–	–
2019 Domestic bonds	**1,631,989**	**1,704,923**	–	–

41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or the future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Balance at 1.1.2019 HK$'000	Dividend distribution declared HK$'000	Financing cash flows HK$'000 (note)	Financing cost incurred during the year HK$'000	Acquisition of subsidiaries HK$'000	Additions to right-of-use assets HK$'000	Reallocation of account HK$'000	Exchange adjustment HK$'000	Balance at 31.12.2019 HK$'000
Bank and other borrowings (note 29)	**20,644,997**	**–**	**6,575,083**	**2,049,457**	**1,144,444**	**–**	**–**	**(272,686)**	**30,141,295**
Amounts due to non-controlling interests of subsidiaries (note 33)	**–**	**–**	**2,763,049**	**–**	**–**	**–**	**–**	**–**	**2,763,049**
Amounts due to joint ventures and an associate (note 32)	**1,247,350**	**–**	**1,705,028**	**–**	**–**	**–**	**(19,911)**	**(34,649)**	**2,897,818**
Lease liabilities (note 2 and note 35)	**50,528**	**–**	**(33,629)**	**7,723**	**–**	**145,658**	**–**	**(1,627)**	**168,653**
Other financial liabilities (note 36)	**–**	**–**	**390,000**	**19,323**	**–**	**–**	**–**	**(365)**	**408,958**
Dividend distribution payable	**200,000**	**1,134,217**	**(1,109,217)**	**–**	**–**	**–**	**–**	**–**	**225,000**
	22,142,875	**1,134,217**	**10,290,314**	**2,076,503**	**1,144,444**	**145,658**	**(19,911)**	**(309,327)**	**36,604,773**

	Balance at 1.1.2018 HK$'000	Dividend distribution declared HK$'000	Financing cash flows HK$'000 (note)	Financing cost incurred during the year HK$'000	Acquisition of subsidiaries HK$'000	Disposal of a joint venture HK$'000	Reallocation of account HK$'000	Exchange adjustment HK$'000	Balance at 31.12.2018 HK$'000
Interest payable	170,625	–	(1,383,811)	1,663,754	–	–	(151,102)	(299,466)	–
Bank and other borrowings (note 29)	20,393,367	–	(875,277)	95,807	1,211,429	–	151,102	(331,431)	20,644,997
Amounts due to joint ventures and an associate (note 32)	779,411	–	1,047,881	–	(494,481)	(56,413)	–	(29,048)	1,247,350
Dividend distribution payable	–	1,230,235	(1,030,235)	–	–	–	–	–	200,000
	21,343,403	1,230,235	(2,241,442)	1,759,561	716,948	(56,413)	–	(659,945)	22,092,347

Note: The cash flows from bank and other borrowings, amounts due to non-controlling interests of subsidiaries, amounts due to joint ventures and an associate, lease liabilities, other financial liabilities and dividend distribution payable make up the net amount of additions and repayment from those related liabilities in the consolidated statement of cash flows.

42. ACQUISITION OF SUBSIDIARIES

For the year ended 31 December 2019

In April 2019, the Group entered into a sale and purchase agreement to acquire the remaining 51% equity interest in 常州宏耀房地產開發有限公司 ("常州宏耀") from the PRC joint venture partner at a cash consideration of RMB215,733,000 (equivalent to HK$239,703,000). 常州宏耀was a 49% joint venture of the Group engaging in the property development in Changzhou, the PRC. Upon completion of the acquisition, it becomes the wholly-owned subsidiary of the Company. The transaction was accounted for as acquisition of assets.

In December 2019, the Group entered into share transfer agreements with a joint venture partner pursuant to which the Group acquired 40% equity interests in both 上海雋通置業有限公司 ("上海雋通") and 上海雋築置業有限公司 ("上海雋築") from the joint venture partner at cash consideration of RMB145,788,000 (equivalent to HK$161,986,000) and RMB314,495,000 (equivalent to HK$349,439,000), respectively. 上海雋通 and 上海雋築 were previously accounted for as joint ventures of the Group and they are engaging in property development business in Shanghai, the PRC. Upon completion of the acquisitions, they become the wholly-owned subsidiaries of the Company. The transactions were accounted for as acquisition of assets.

The aggregate net assets of the subsidiaries at the date of acquisitions were as follows:

	2019 HK$'000
Property, plant and equipment	**801**
Deferred tax assets	**8,578**
Inventory of properties	**5,360,304**
Debtors, deposits and prepayments	**72,564**
Prepaid income tax	**69,666**
Pledged bank deposits	**623,667**
Bank balances and cash	**1,703,024**
Creditors and accrued charges	**(772,100)**
Amounts due to the Group	**(2,976,028)**
Contract liabilities	**(1,170,290)**
Income tax payable	**(23,485)**
Bank and other borrowings	**(1,144,444)**
	1,752,257
Satisfied by:	
Cash considerations paid	**239,703**
Consideration payable	**511,425**
Interests in joint ventures disposed of	**1,001,129**
	1,752,257
Net cash inflow arising on acquisition:	
Cash considerations paid	**(239,703)**
Bank balances and cash acquired	**1,703,024**
	1,463,321

42. ACQUISITION OF SUBSIDIARIES *(CONTINUED)*

For the year ended 31 December 2018

In August 2018, the Group entered into a sale and purchase agreement to acquire the remaining 41.18% equity interest in 蘇州雋達房地產有限公司 ("蘇州雋達") from the PRC joint venture partner at a cash consideration of RMB35,000,000 (equivalent to HK$40,000,000). 蘇州雋達 was a joint venture of the Group engaging in the property development in Suzhou, the PRC. Upon completion of the acquisition, it becomes the wholly-owned subsidiary of the Company. The transaction was accounted for as acquisition of assets.

In November 2018, the Group entered into a sale and purchase agreement to acquire the remaining 50% equity interest in天津雋投企業管理有限公司 ("天津雋投") from the PRC joint venture partner at a cash consideration of RMB25,000,000 (equivalent to HK$28,571,000). 天津雋投 was a joint venture of the Group engaging in the property development in Tianjin, the PRC. Upon completion of the acquisition, it becomes the wholly-owned subsidiary of the Company. The transaction was accounted for as acquisition of assets.

The aggregate net assets of the acquired subsidiaries at the dates of acquisitions were as follows:

	2018 HK$'000
Property, plant and equipment	149
Deferred tax assets	11,648
Inventory of properties	4,731,458
Debtors, deposits and prepayments	105,070
Amounts due from the Group	494,481
Prepaid income tax	72,756
Bank balances and cash	530,097
Creditors and accrued charges	(280,941)
Amounts due to the Group	(2,306,338)
Contract liabilities	(1,992,674)
Bank and other borrowings	(1,211,429)
	154,277
Satisfied by:	
Cash considerations paid	68,571
Fair value of interests in joint ventures disposed of	85,706
Total considerations	154,277
Net cash inflow arising on acquisitions:	
Cash consideration paid	(68,571)
Bank balances and cash acquired	530,097
	461,526

43. DISPOSAL OF SUBSIDIARIES

For the year ended 31 December 2019

In October 2019, the Group entered into sale and purchase agreement with an independent third party to dispose 51% equity interests in 上海雋譽房地產開發有限公司 ("上海雋譽"), a wholly-owned subsidiary of the Company, at a cash consideration of HK$28,333,000. The subsidiary is engaging in property development in Shanghai, the PRC. After the disposal, 上海雋譽 is accounted for as joint venture of the Group as the major operating activities of 上海雋譽 require unanimous consent from both joint venture partners. The loss on disposal of the subsidiary amounting to HK$285,000 was recognised in profit or loss.

The net assets of the disposed subsidiary at the date of disposal were as follows:

	2019 **HK$'000**
Debtors, deposits and prepayments	**178,267**
Bank balances and cash	**459**
Income tax payable	**(93)**
Creditors and accrued charges	**(236)**
Amount due to the Group	**(122,557)**
	55,840
Loss on disposal of subsidiary:	
Cash consideration	**28,333**
Add: Fair value of retained interest in joint venture	**27,222**
Less: Net assets of subsidiary disposed of	**(55,840)**
	(285)
Net cash inflow arising on disposal:	
Cash consideration received	**28,333**
Bank balances and cash disposed of	**(459)**
	27,874

43. DISPOSAL OF SUBSIDIARIES *(CONTINUED)*

For the year ended 31 December 2018

In February 2018, the Group entered into sale and purchase agreements to dispose of its 40% equity interest in 溧陽宏景房地產開發有限公司 ("溧陽宏景"), a wholly-owned subsidiary of the Company to an independent party (the "JV Partner"), at a total cash consideration of RMB312,818,000 (equivalent to HK$371,518,000) in which, HK$142,518,000 is for the acquisition of equity and HK$229,000,000 is for the acquisition of shareholder's loan. The subsidiary is engaging in property development business in Changzhou, the PRC. After the disposal, 溧陽宏景 is accounted for a joint venture of the Group as all the board resolutions require the unanimous consent by the joint venture partners. The gain on disposal of the subsidiary amounting to HK$556,000 was recognised in profit or loss.

In 2018, the Group entered into a sale and purchase agreement to dispose of its 51% equity interest in 常州宏耀房地產開發有限公司 ("常州宏耀"), a wholly-owned subsidiary of the Company to an independent party, at a cash consideration of RMB190,000,000 (equivalent to HK$225,653,000). The subsidiary is engaging in property development business in Changzhou, the PRC. After the disposal, 常州宏耀 is accounted for a joint venture of the Group as all the board resolutions require the unanimous consent by the joint venture partners. The loss on disposal of the subsidiary amounting to HK$895,000 was recognised in profit or loss.

The aggregate net assets of the disposed subsidiaries at the dates of disposal were as follows:

	2018 HK$'000
Property, plant and equipment	389
Deferred tax assets	296
Inventory of properties	1,270,212
Debtors, deposits and prepayments	9,144
Prepaid income tax	123
Bank balances and cash	215,028
Creditors and accrued charges	(53,481)
Contract liabilities	(74,065)
Amounts due to the Group	(568,682)
	798,964
Net losses on disposal of subsidiaries:	
Total cash considerations	597,171
Less: Shareholder's loan assumed by the JV Partner	(229,000)
Add: Fair value of retained interests in joint ventures	430,454
Less: Net assets of subsidiaries disposed of	(798,964)
	(339)
Net cash inflow arising on disposal:	
Cash consideration received	597,171
Bank balances and cash disposed of	(215,028)
	382,143

44. OPERATING LEASE

As lessor

Minimum lease payments receivable on leases are as follows:

	2019 HK$'000
Within one year	**129,432**
In the second year	**115,278**
In the third year	**105,092**
In the fourth year	**95,080**
In the fifth year	**92,362**
After five years	**548,808**
	1,086,052

At the end of 31 December 2018, the Group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases:

	2018 HK$'000
Within one year	90,377
In the second to fifth year inclusive	223,048
Over five years	340,515
	653,940

As lessee

At the end of 31 December 2018, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2018 HK$'000
Within one year	22,403
In the second to fifth year inclusive	40,213
Over five years	2,482
	65,098

The Group regularly entered into short-term leases for office premises. As at 31 December 2019, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in note 10 and note 16.

44. OPERATING LEASE *(CONTINUED)*

As lessee *(Continued)*

The commitments represent rentals payable by the Group for its offices with the lease periods ranging from one to six years.

Monthly rental was fixed and recognised over the terms of the leases.

45. CONTINGENT LIABILITIES

At 31 December 2019, the Group provided guarantees of HK$7,977,365,000 (2018: HK$8,616,016,000) to banks in favour of its customers in respect of the mortgage loans provided by the banks to such customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted. The Directors consider that the fair value of such guarantees on initial recognition was insignificant.

At 31 December 2019, the Group provided guarantees of HK$3,002,454,000 (2018: HK$4,449,278,000) to banks in connection with the banking facilities granted to joint ventures. The Directors consider that the fair value of such guarantees on initial recognition was insignificant as the joint ventures have strong net asset position and the default risk is low.

The details of undertakings of a property joint venture provided by the Group are disclosed in note 19(c).

46. PLEDGE OF ASSETS

At the end of the reporting period, other than the pledged bank deposits as disclosed in note 26, the Group's inventory of properties of HK$7,869,585,000 (2018: HK$3,435,850,000) and investment properties of HK$678,167,000 (2018: HK$473,246,000) were pledged to banks to secure the banking facilities granted to the Group.

47. CAPITAL COMMITMENTS

	2019 **HK$'000**	2018 HK$'000
Capital injection into property joint ventures contracted for but not provided in the consolidated financial statements	**167,567**	21,714

48. RELATED PARTY TRANSACTIONS

Other than set out in notes 20, 31, 32, 33 and 45, the Group had transactions with the following related parties during the year:

Related parties	Nature	2019 HK$'000	2018 HK$'000
Infrastructure joint ventures	Interest income	**943**	3,346
Property and other joint ventures	Interest income	**373,771**	652,309
Non-controlling interests of subsidiaries	Interest income	**8,906**	50,942
Property joint ventures	Management fee income	**28,937**	37,664
A subsidiary of a major shareholder of the Company	Construction costs incurred	**956,600**	513,650
A subsidiary of a major shareholder of the Company	Construction costs payable	**224,297**	221,940

During the year ended 31 December 2019, a subsidiary of a major shareholder of the Company provided construction services to the property projects of a subsidiary and a joint venture of the Group amounting to HK$975,162,000 (2018: HK$543,067,000) in aggregate. The construction services provided by the subsidiary of the major shareholder of the Company constituted connected party transactions as defined under the Listing Rules.

During the year ended 31 December 2019, the Group has transferred the titles of two pieces (2018: one piece) of land included in prepayment for land leases of the Group at their carrying amounts of HK$704,400,000 (2018:HK$662,857,000) to joint ventures of the Group and no gain or loss are resulted from such transfers. The said amounts will be settled by the joint ventures after the pre-sale of properties commences.

Compensation of key management personnel

The remuneration of Directors and other members of key management during the year was as follows:

	2019 HK$'000	2018 HK$'000
Short-term employment benefits	**283,945**	267,329
Post-employment benefits	**6,239**	6,357
	290,184	273,686

The remuneration of Directors and key executives is determined with reference to the performance of individuals and market trends.

49. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2019 HK$'000	2018 HK$'000
ASSETS		
Non-current asset		
Unlisted investments in subsidiaries	**15,306,444**	15,724,394
Current assets		
Deposits and prepayments	**50,571**	315
Bank balances and cash	**1,256,154**	534,379
	1,306,725	534,694
Total assets	**16,613,169**	16,259,088
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital (note 27)	**74,934**	74,934
Reserves (note)	**6,649,222**	7,678,323
	6,724,156	7,753,257
Current liabilities		
Creditors and accrued charges	**2,985**	5,343
Amounts due to subsidiaries	**9,886,028**	7,426,488
Bank borrowings	**–**	1,074,000
	9,889,013	8,505,831
Total equity and liabilities	**16,613,169**	16,259,088

49. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(CONTINUED)*

Note:

	Share premium HK$'000	Foreign currency translation reserve HK$'000	Special reserve HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Total HK$'000
Balance at 1 January 2018	3,215,627	961,893	1,260,000	731	903,316	6,341,567
Profit for the year	–	–	–	–	2,420,018	2,420,018
Exchange difference arising on translation to presentation currency	–	(282,415)	–	–	–	(282,415)
Total comprehensive income for the year	–	(282,415)	–	–	2,420,018	2,137,603
Sub-total	3,215,627	679,478	1,260,000	731	3,323,334	8,479,170
Issue of ordinary shares upon exercise of share option	9,167	–	–	(731)	–	8,436
Dividends	–	–	–	–	(809,283)	(809,283)
Balance at 31 December 2018	3,224,794	679,478	1,260,000	–	2,514,051	7,678,323
Profit for the year	**–**	**–**	**–**	**–**	**53,172**	**53,172**
Exchange difference arising on translation to presentation currency	**–**	**(198,056)**	**–**	**–**	**–**	**(198,056)**
Total comprehensive expense for the year	**–**	**(198,056)**	**–**	**–**	**53,172**	**(144,884)**
Sub-total	**3,224,794**	**481,422**	**1,260,000**	**–**	**2,567,223**	**7,533,439**
Dividends	**–**	**–**	**–**	**–**	**(884,217)**	**(884,217)**
Balance at 31 December 2019	**3,224,794**	**481,422**	**1,260,000**	**–**	**1,683,006**	**6,649,222**

50. PRINCIPAL SUBSIDIARIES

The Company's principal subsidiaries are limited liability companies as at 31 December 2019 and 31 December 2018. The details are as follows:

Name of subsidiary	Place of incorporation/ registration	Place of operation	Issued and fully paid ordinary share capital/paid registered capital	Proportion of amount paid/ nominal value of issued ordinary share capital/registered capital held by the Company Directly %	Indirectly %	Principal activities
Incorporated in the British Virgin Islands ("BVI")/Hong Kong/Bermuda						
Intersafe Investments Limited	BVI	Hong Kong	US$16,000,000	–	75	Investment holding
Ontex Investments Limited	BVI	Hong Kong	US$1	–	75	Investment holding
Power Truth Development Limited	Hong Kong	Hong Kong	HK$1	–	100	Development and sale of properties
Road King Expressway International Holdings Limited	Bermuda	#	HK$66,666,667	–	75	Investment holding
RK Investment and Asset Management Group Limited	Hong Kong	Hong Kong	HK$1	–	100	Investment holding
RKI Overseas Finance 2016 (B) Limited	BVI	#	US$1	100	–	Provision of financial services
RKI Overseas Finance 2017 (A) Limited	BVI	#	US$1	100	–	Provision of financial services
RK Properties Holdings Limited	BVI	Hong Kong	US$1	–	100	Investment holding
RK Properties Management Limited	Hong Kong	Hong Kong	HK$1	–	100	Provision of management services
RK Properties (Overseas) Limited	BVI	#	US$1	–	100	Investment holding
RKP Overseas Finance 2016 (A) Limited	BVI	#	US$1	100	–	Provision of financial services
RKP Overseas Finance 2017 (A) Limited	BVI	#	US$1	–	100	Provision of financial services
RKPF Overseas 2019 (A) Limited	BVI	#	US$1	–	100	Provision of financial Services
RKPF Overseas 2019 (B) Limited	BVI	#	US$1	–	100	Provision of financial Services
RKPF Overseas 2019 (C) Limited@	BVI	#	US$1	–	100	Provision of financial Services
RKPF Overseas 2019 (D) Limited@	BVI	#	US$1	–	100	Provision of financial Services
RKPF Overseas 2019 (E) Limited@	BVI	#	US$1	–	100	Provision of financial Services

50. PRINCIPAL SUBSIDIARIES *(CONTINUED)*

Name of subsidiary	Place of incorporation/ registration	Place of operation	Issued and fully paid ordinary share capital/paid registered capital	Proportion of amount paid/ nominal value of issued ordinary share capital/registered capital held by the Company Directly %	Indirectly %	Principal activities
Road Base Investments Limited	BVI	Hong Kong	US$1	–	75	Investment holding
Road Bond Investments Limited	BVI	Hong Kong	US$1	–	75	Investment holding
Road Crown Investments Limited	BVI	Hong Kong	US$1	–	75	Investment holding
Road Express Investments Limited	BVI	Hong Kong	US$1	–	75	Investment holding
Road Famous Investments Limited	BVI	Hong Kong	US$1	–	75	Investment holding
Road Glorious Investments Limited	BVI	Hong Kong	US$1	–	75	Investment holding
Road Grand Investments Limited	BVI	Hong Kong	US$1	–	75	Investment holding
Road King (China) Infrastructure Limited	BVI	Hong Kong	HK$2,000,000,000	–	75	Investment holding
Road King Infrastructure Management Limited	Hong Kong	Hong Kong	HK$2	–	100	Provision of management services
Road Link Investments Limited	BVI	Hong Kong	US$1	–	75	Investment holding
Road Rise Investments Limited	BVI	Hong Kong	US$1	–	75	Investment holding
Sunco Property Holdings Company Limited	BVI	Hong Kong	US$250	–	94.74	Investment holding
Registered as wholly foreign owned enterprises in the PRC						
Changzhou Great Gallop Properties Developments Ltd.	PRC	PRC	US$153,245,300	–	100	Development and sale of properties
Changzhou Great Superior Properties Developments Ltd.	PRC	PRC	RMB612,220,000	–	100	Development and sale of properties
Tianjin Kingsvalue Real Estate Investment Management Limited	PRC	PRC	RMB678,500,000	–	94.74	Investment holding
Tianjin Sunco Binhai Land Co., Ltd.	PRC	PRC	RMB600,000,000	–	94.74	Investment holding
Tianjin Sunco Binhai Real Estate Investment Management Limited	PRC	PRC	RMB760,000,000	–	94.74	Investment holding
常州路勁宏承房地產開發有限公司	PRC	PRC	US$50,000,000	–	100	Development and sale of properties
常州路勁宏遠房地產開發有限公司	PRC	PRC	US$70,000,000	–	100	Development and sale of properties

50. PRINCIPAL SUBSIDIARIES *(CONTINUED)*

Name of subsidiary	Place of incorporation/ registration	Place of operation	Issued and fully paid ordinary share capital/paid registered capital	Proportion of amount paid/ nominal value of issued ordinary share capital/registered capital held by the Company Directly %	Indirectly %	Principal activities
Registered as sino-foreign equity joint venture enterprises in the PRC						
常州宏智房地產開發有限公司	PRC	PRC	RMB500,000,000	–	100	Development and sale of properties
蘇州雋御地產有限公司	PRC	PRC	RMB1,008,600,000	–	100	Development and sale of properties
Registered as limited liability companies in the PRC						
上海雋宏置業有限公司@	PRC	PRC	Nil	–	52.5	Development and sale of properties
上海雋鑫置業有限公司@	PRC	PRC	RMB270,000,000	–	65	Development and sale of properties
大廠回族自治縣中基首業房地產開發有限公司	PRC	PRC	RMB320,000,000	–	100	Development and sale of properties
天津順馳新地置業有限公司	PRC	PRC	RMB1,000,000,000	–	94.74	Development and sale of properties
天津雋德房地產開發有限公司	PRC	PRC	RMB100,000,000	–	100	Development and sale of properties
北京路勁雋御房地產開發有限公司	PRC	PRC	RMB4,385,300,000	–	100	Development and sale of properties
北京雋成房地產開發有限公司	PRC	PRC	RMB50,000,000	–	100	Development and sale of properties
杭州雋勁置業有限公司@	PRC	PRC	Nil	–	100	Development and sale of properties
洛陽路勁宏駿房地產開發有限公司	PRC	PRC	RMB30,000,000	–	100	Development and sale of properties
洛陽路勁房地產開發有限公司	PRC	PRC	RMB100,000,000	–	100	Development and sale of properties
常州雋茂房地產開發有限公司@	PRC	PRC	RMB20,000,000	–	51	Development and sale of properties
寧波甬鴻置業有限公司	PRC	PRC	RMB710,000,000	–	100	Development and sale of properties

50. PRINCIPAL SUBSIDIARIES *(CONTINUED)*

Name of subsidiary	Place of incorporation/ registration	Place of operation	Issued and fully paid ordinary share capital/paid registered capital	Proportion of amount paid/ nominal value of issued ordinary share capital/registered capital held by the Company Directly %	Indirectly %	Principal activities
鎮江路勁大港房地產開發有限公司	PRC	PRC	RMB640,470,000	–	100	Development and sale of properties
鎮江路勁房地產開發有限公司	PRC	PRC	RMB185,000,000	–	100	Development and sale of properties
蘇州雋宏房地產開發有限公司	PRC	PRC	RMB50,000,000	–	100	Development and sale of properties
蘇州雋康房地產開發有限公司@	PRC	PRC	RMB50,000,000	–	51	Development and sale of properties

The subsidiaries of the Company are either investment holding or provision of financial services companies only and do not have any operations.

@ Incorporated in 2019

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affect the results of the year or constituted a substantial portion of the net asset of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

The table below shows details of non-wholly-owned subsidiary of the Group that has material non-controlling interest:

Name of subsidiary	Place of incorporation/ registration	Proportion of ownership interests and voting rights held by non-controlling interest		Profit allocated to non-controlling interest		Accumulated non-controlling interest	
		2019	2018	**2019 HK$'000**	2018 HK$'000	**2019 HK$'000**	2018 HK$'000
RKE	Bermuda	**25%**	25%	**151,628**	25,386	**1,341,507**	1,254,098

50. PRINCIPAL SUBSIDIARIES *(CONTINUED)*

The table below shows details of non-wholly-owned subsidiary of the Group that has material non-controlling interest: *(Continued)*

At 31 December 2019

	2019 HK$'000	2018 HK$'000
Current assets	**1,531,322**	2,137,032
Non-current assets	**4,272,924**	3,137,065
Current liabilities	**394,497**	225,518
Non-current liabilities	**43,723**	32,186
Equity attributable to owners of the Company	**5,366,026**	5,016,393
Non-controlling interest of RKE	**1,341,507**	1,254,098

For the year ended 31 December 2019

	2019 HK$'000	2018 HK$'000
Income	**760,334**	718,869
Expenses	**(153,823)**	(129,083)
Profit for the year	**606,511**	589,786
Profit attributable to owners of the Company	**454,883**	564,400
Profit attributable to the non-controlling interest of RKE	**151,628**	25,386
Profit for the year	**606,511**	589,786
Other comprehensive loss attributable to owners of the Company	**(115,895)**	(199,306)
Other comprehensive loss attributable to non-controlling interest of RKE	**(38,632)**	(527)
Other comprehensive loss for the year	**(154,527)**	(199,833)
Total comprehensive income attributable to owners of the Company	**338,988**	365,094
Total comprehensive income attributable to non-controlling interest of RKE	**112,996**	24,859
Total comprehensive income for the year	**451,984**	389,953

50. PRINCIPAL SUBSIDIARIES *(CONTINUED)*

The table below shows details of non-wholly-owned subsidiary of the Group that has material non-controlling interest: *(Continued)*

For the year ended 31 December 2019

	2019 **HK$'000**	2018 HK$'000
Dividends paid or payable to non-controlling interest of RKE	**(100,000)**	(266,667)
Net cash outflow from operating activities	**(102,585)**	(106,012)
Net cash (outflow) inflow from investing activities	**(371,364)**	838,665
Net cash (outflow) inflow from financing activities	**(100,000)**	426,433
Net cash (outflow) inflow	**(573,949)**	1,159,086

None of the subsidiaries had any debt securities at the end of the year except for the following:

	2019 **HK$'000**	2018 HK$'000
RKI Overseas Finance 2016 (A) Limited	**–**	3,565,331
RKI Overseas Finance 2016 (B) Limited	**3,941,165**	3,931,673
北京路勁雋御房地產開發有限公司	**1,631,989**	1,703,141
RKPF Overseas 2019 (B) Limited	**3,149,268**	–
RKPF Overseas 2019 (A) Limited	**6,952,498**	–
	15,674,920	9,200,145

51. EVENTS AFTER THE END OF THE REPORTING PERIOD

(a) On 5 March 2020, RKPF Overseas 2019 (A) Limited, a wholly-owned subsidiary of the Company issued fixed rate guaranteed senior notes with aggregate nominal value of US$300 million, which carry an annual interest rate of 5.9% per annum and will mature in 2025. The proceeds are to be used for acquisition of or investment in property projects or general corporate purposes.

(b) The global outbreak of the 2019 Novel Coronavirus ("COVID-19") and the subsequent quarantine measures imposed by the Chinese government in early 2020 have negative impact on the operations of the Group to a certain extent since January 2020, as most of the Group's operations are located in China and the major suppliers, contractors and customers of the Group are also located in China. The progress of the construction work of the property projects of the Group and the timing of the pre-sale of properties may be affected if the quarantine measures in different regions of China persisted in 2020. According to a notice issued by the Ministry of Transport of the PRC on 15 February 2020, the Ministry of Transport determined that tolls of toll roads will be waived nationwide for all vehicles travelling through the toll roads during the period from 17 February 2020 till the end of the prevention and control of the epidemic caused by COVID-19. Such measures may have certain negative impact on the financial performance and cash flows of the infrastructure joint ventures of the Group. The Directors are still assessing the financial impact that the COVID-19 will have on the Group's financial statements as at the date that these financial statements are authorised for issue.

52. TOTAL ASSETS LESS CURRENT LIABILITIES/NET CURRENT ASSETS

The Group's total assets less current liabilities at 31 December 2019 amounted to HK$51,586,625,000 (2018: HK$35,874,630,000). The Group's net current assets at 31 December 2019 amounted to HK$25,827,665,000 (2018: HK$11,289,778,000).

Financial Summary

RESULTS

	For the year ended 31 December				
	2019 **HK$'000**	2018 HK$'000	2017 HK$'000	2016 HK$'000	2015 HK$'000
Revenue	**21,494,796**	22,365,223	14,755,770	16,841,585	12,509,646
Profit before taxation	**6,759,947**	9,497,056	5,441,388	3,245,292	1,982,523
Income tax expenses	**(3,083,321)**	(5,798,453)	(2,965,394)	(1,871,696)	(1,154,213)
Profit for the year	**3,676,626**	3,698,603	2,475,994	1,373,596	828,310
Attributable to:					
Owners of the Company	**3,028,005**	2,988,242	1,943,703	1,250,075	820,005
Owners of perpetual capital securities	**371,395**	349,830	246,621	–	–
Non-controlling interests of subsidiaries	**277,226**	360,531	285,670	123,521	8,305
	3,676,626	3,698,603	2,475,994	1,373,596	828,310

ASSETS AND LIABILITIES

	As at 31 December				
	2019 **HK$'000**	2018 HK$'000	2017 HK$'000	2016 HK$'000	2015 HK$'000
Total assets	**90,682,627**	78,951,703	69,735,458	50,400,131	40,056,307
Total liabilities	**(62,118,610)**	(54,184,261)	(48,121,032)	(36,167,503)	(26,080,440)
	28,564,017	24,767,442	21,614,426	14,232,628	13,975,867
Attributable to:					
Owners of the Company	**18,866,049**	17,398,063	15,635,078	13,291,831	13,155,397
Owners of perpetual capital securities	**6,961,919**	4,632,638	4,633,096	–	–
Non-controlling interests of subsidiaries	**2,736,049**	2,736,741	1,346,252	940,797	820,470
	28,564,017	24,767,442	21,614,426	14,232,628	13,975,867

Road King Infrastructure Limited