KERRY PROPERTIES LIMITED

(Incorporated in Bermuda with limited liability)

嘉里建設有限公司*

website: www.kerryprops.com

(Stock Code: 683)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

The Board of Directors (the "**Board**") of the Company announces the consolidated final results of the Group for the year ended 31 December 2018. The Audit and Corporate Governance Committee of the Company has met to review the results and the financial statements of the Group for the year ended 31 December 2018 prior to recommending them to the Board for approval.

OVERALL RESULTS

The Group's profit attributable to shareholders for the year ended 31 December 2018 was HK$7,499 million, representing a decrease of 19% compared with HK$9,242 million reported for 2017.

The Group measured its investment property portfolio on a fair value basis and recorded an increase in fair value of investment properties (net of deferred taxation) attributable to shareholders of HK$4,154 million for the year ended 31 December 2018 (2017: HK$2,591 million). Before taking into account the effects of the aforementioned increase in fair value, the Group recorded a decrease of 50% in profit attributable to shareholders to HK$3,345 million for the year ended 31 December 2018 (2017: HK$6,651 million). The decrease was mainly due to the adoption of new accounting standards starting from 1 January 2018 (Note 2), the provision for impairment loss for property under development in Macau amounting to HK$1,175 million (2017: Nil) (Note 4) and the recording of net decrease in fair value on financial assets at fair value through profit or loss amounting to HK$1,461 million (2017: increase of HK$2 million) (Note 5).

Earnings per share for the year ended 31 December 2018 were HK$5.16, representing a decrease of 19% compared with HK$6.40 per share in 2017.

* *For identification purpose only*

The effect on the Group's profit attributable to shareholders due to the net increase in fair value of the Group's investment properties and related tax effects is as follows:

	Year ended 31 December		
	2018	2017	
	HK$ million	HK$ million	Change
Profit attributable to shareholders before taking into account the net increase in fair value of investment properties and related tax effects	**3,345**	6,651	-50%
Add:			
Net increase in fair value of investment properties and related tax effects	**4,154**	2,591	
Profit attributable to shareholders after taking into account the net increase in fair value of investment properties and related tax effects	**7,499**	9,242	-19%

The Board has recommended the payment of a final dividend of HK$0.95 per share (the "**Final Dividend**") for the year ended 31 December 2018. Together with the interim dividend of HK$0.40 per share, the total cash dividend for the year ended 31 December 2018 will be HK$1.35 per share (2017: HK$1.50 per share, comprising an interim dividend of HK$0.45 per share, a final dividend of HK$0.90 per share and a special dividend of HK$0.15 per share).

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December 2018 HK$'000	2017 HK$'000
Turnover	3	**21,433,216**	35,548,123
Cost of sales and direct expenses		**(12,430,013)**	(25,802,623)
Gross profit	3	**9,003,203**	9,745,500
Other income and net gains		**673,010**	882,195
Provision for impairment loss for property under development	4	**(1,175,281)**	-
Net (decrease)/increase in fair value on financial assets at fair value through profit or loss	5	**(1,461,152)**	1,997
Administrative and other operating expenses		**(1,140,217)**	(997,524)
Increase in fair value of investment properties		**4,457,289**	1,933,747
Operating profit before finance costs		**10,356,852**	11,565,915
Finance costs	6	**(584,501)**	(628,209)
Operating profit	6	**9,772,351**	10,937,706
Share of results of associates and joint ventures		**2,141,846**	2,060,052
Profit before taxation		**11,914,197**	12,997,758
Taxation	7	**(3,178,019)**	(2,787,026)
Profit for the year		**8,736,178**	10,210,732
Profit attributable to:			
Company's shareholders		**7,499,295**	9,242,116
Non-controlling interests		**1,236,883**	968,616
		8,736,178	10,210,732
Earnings per share	8		
- Basic		**HK$5.16**	HK$6.40
- Diluted		**HK$5.16**	HK$6.40

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2018	2017
	HK$'000	HK$'000
Profit for the year	**8,736,178**	10,210,732
Other comprehensive income		
Items that may be reclassified to profit or loss		
Cash flow hedges	**(57,059)**	(131,745)
Fair value gains on available-for-sale investments	**-**	225,273
Share of other comprehensive income of associates and joint ventures	**122,121**	311,482
Net translation differences on foreign operations	**(3,348,023)**	4,592,089
Items that will not be reclassified to profit or loss		
Fair value gains on financial assets at fair value through other comprehensive income	**61,511**	-
Other comprehensive income for the year, net of tax	**(3,221,450)**	4,997,099
Total comprehensive income for the year	**5,514,728**	15,207,831
Total comprehensive income attributable to:		
Company's shareholders	**5,025,143**	13,215,789
Non-controlling interests	**489,585**	1,992,042
	5,514,728	15,207,831

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December **2018** **HK$'000**	 2017 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**5,693,610**	6,109,169
Investment properties		**74,228,117**	64,340,586
Leasehold land and land use rights		**1,940,187**	2,114,323
Properties under development		**12,621,212**	20,545,581
Land deposits		**10,105,186**	1,803,074
Associates and joint ventures		**23,032,323**	23,832,979
Derivative financial instruments		**24,877**	37,342
Available-for-sale investments		**-**	5,344,294
Financial assets at fair value through other comprehensive income		**1,326,271**	-
Financial assets at fair value through profit or loss		**2,448,729**	-
Mortgage loans receivable		**3,969,991**	3,641,905
Intangible assets		**122,504**	122,504
		135,513,007	127,891,757
Current assets			
Properties under development		**8,408,933**	6,849,586
Completed properties held for sale		**10,151,508**	16,871,931
Accounts receivable, prepayments and deposits	9	**1,277,878**	7,566,211
Current portion of mortgage loans receivable		**35,905**	30,025
Tax recoverable		**217,190**	145,952
Tax reserve certificates		**189,598**	189,347
Financial assets at fair value through profit or loss		**7,145**	7,732
Derivative financial instruments		**-**	3,645
Restricted bank deposits		**522,698**	595,906
Cash and bank balances		**13,860,952**	13,151,714
		34,671,807	45,412,049
Current liabilities			
Accounts payable, deposits received and accrued charges	10	**6,908,110**	7,630,548
Contract liabilities		**6,499,300**	-
Deposits received on sale of properties		**-**	8,133,574
Taxation		**2,254,966**	2,093,149
Short-term bank loans and current portion of long-term bank loans	11	**8,141,552**	8,903,148
		23,803,928	26,760,419
Net current assets		**10,867,879**	18,651,630
Total assets less current liabilities		**146,380,886**	146,543,387
Non-current liabilities			
Long-term bank loans	11	**22,625,008**	26,781,716
Fixed rate bonds		**2,344,683**	2,336,901
Amounts due to non-controlling interests		**2,131,319**	2,106,291
Derivative financial instruments		**62,581**	-
Deferred taxation		**8,275,622**	7,606,669
		35,439,213	38,831,577
ASSETS LESS LIABILITIES		**110,941,673**	107,711,810
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital		**1,455,208**	1,446,538
Share premium		**13,019,604**	12,515,673
Other reserves		**9,192,306**	12,294,722
Retained profits		**73,873,846**	68,092,523
		97,540,964	94,349,456
Non-controlling interests		**13,400,709**	13,362,354
TOTAL EQUITY		**110,941,673**	107,711,810

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants. In addition, these financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

Except as described below, the accounting policies are consistent with those as described in the Group's financial statements for the year ended 31 December 2017.

The following standards, amendments and interpretation to existing standards have been published that are effective for the accounting period of the Group beginning on 1 January 2018:

HKFRS 9, 'Financial instruments'
HKFRS 15, 'Revenue from contracts with customers'
Amendments to HKFRS 1, 'Deletion of short-term exemptions for first-time adopters'
Amendments to HKFRS 2, 'Classification and measurement of share-based payment transactions'
Amendments to HKFRS 4, 'Applying HKFRS 9 'Financial instruments' with HKFRS 4 'Insurance contracts''
Amendments to HKFRS 15, 'Clarifications to HKFRS 15'
Amendments to HKAS 28, 'Measuring an associate or joint venture at fair value'
Amendments to HKAS 40, 'Transfers of investment property'
HK(IFRIC) – Int 22, 'Foreign currency transactions and advance consideration'

The adoption of the above standards, amendments and interpretation to existing standards had no material impact on the consolidated financial statements of the Group except for the followings.

HKFRS 9, 'Financial instruments'

HKFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

HKFRS 15, 'Revenue from contracts with customers'

HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to be recognised through a 5-step approach: (i) identify the contract(s) with customer; (ii) identify separate performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations; and (v) recognise revenue when a performance obligation is satisfied.

1. Basis of preparation and accounting policies (continued)

From 1 January 2018 onwards, the Group has adopted the following accounting policies on revenue.

Revenue is recognised when or as the control of the good or service is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the good or service may be transferred over time or at a point in time.

Control of the good or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- 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.

If control of the asset is transferred over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer; or
- the Group's efforts or inputs to the satisfaction of the performance obligation relative to the total expected efforts or inputs.

The impacts of the above changes are disclosed in Note 2.

1. Basis of preparation and accounting policies (continued)

The following standards, amendments and interpretation to existing standards, which are relevant to the operations of the Group, have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2019, but the Group has not early adopted them:

	Applicable for accounting periods beginning on/after
HKFRS 16, 'Leases'	1 January 2019
Amendments to HKFRS 9, 'Prepayment features with negative compensation'	1 January 2019
Amendments to HKAS 19, 'Plan amendment, curtailment or settlement'	1 January 2019
Amendments to HKAS 28, 'Long-term interests in an associate or joint venture'	1 January 2019
Annual improvements to HKFRSs 2015-2017 cycle	1 January 2019
HK(IFRIC) – Int 23, 'Uncertainty over income tax treatments'	1 January 2019
Amendments to HKFRS 3, 'Definition of a business'	1 January 2020
Amendments to HKAS 1 and HKAS 8, 'Definition of material'	1 January 2020
HKFRS 17, 'Insurance contracts'	1 January 2021
Amendments to HKFRS 10 and HKAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined

HKFRS 16 will affect primarily the accounting for Group's operating leases. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised in the consolidated statement of financial position.

The Group will adopt the above standards, amendments and interpretation to existing standards as and when they become effective. The Group has already commenced the assessment of the impact to the Group and is not yet in a position to state whether these would have a significant impact on its results of operations and financial position.

2. Changes in accounting policies

As explained in Note 1, the Group has adopted HKFRS 9 and HKFRS 15 from 1 January 2018, which results in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. The Group applied the modified retrospective approach to adopt HKFRS 9 and HKFRS 15 without restating comparative figures.

HKFRS 9 replaces the provisions of HKAS 39 'Financial instruments' that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. HKFRS 9 also significantly amends other standards dealing with financial instruments such as HKFRS 7 'Financial instruments – disclosures'.

HKFRS 15 replaces both the provisions of HKAS 18 'Revenue' and HKAS 11 'Construction contracts' and the related interpretations that relate to the recognition, classification and measurement of revenue and costs.

The effects of the adoption of HKFRS 9 and HKFRS 15 are as follows:

(i) Impact on the financial statements

(a) The impact on the Group's financial position as at 1 January 2018 by the application of HKFRS 9 and HKFRS 15 is as follows:

	As at 1 January 2018			
	As previously stated	Effect of adoption of HKFRS 9 (Note 2(ii))	Effect of adoption of HKFRS 15 (Note 2(iii))	As restated
	HK$'000	HK$'000	HK$'000	HK$'000
Consolidated statement of financial position (extract)				
Available-for-sale investments ("AFS")	5,344,294	(5,344,294)	-	-
Financial assets at fair value through other comprehensive income ("FVOCI")	-	1,264,760	-	1,264,760
Financial assets at fair value through profit or loss ("FVPL") - non-current portion	-	4,079,534	-	4,079,534
Deposits received on sale of properties	8,133,574	-	(8,133,574)	-
Contract liabilities	-	-	8,133,574	8,133,574
Other reserves	12,294,722	(580,277)	-	11,714,445
Retained profits	68,092,523	580,277	-	68,672,800

2. Changes in accounting policies (continued)

(i) Impact on the financial statements (continued)

(b) The amount by each financial statement line items affected in the current year and year to date by the application of HKFRS 9 and HKFRS 15 is as follows:

	As at 31 December 2018			
	Without the adoption of HKFRS 9 and HKFRS 15 HK$'000	Effect of adoption of HKFRS 9 HK$'000	Effect of adoption of HKFRS 15 HK$'000	As reported HK$'000
Consolidated statement of financial position (extract)				
Associates and joint ventures	22,954,299	-	78,024	23,032,323
Available-for-sale investments	3,705,677	(3,775,000)	69,323	-
Financial assets at fair value through other comprehensive income	-	1,326,271	-	1,326,271
Financial assets at fair value through profit or loss - non-current portion	-	2,448,729	-	2,448,729
Completed properties held for sale	9,323,170	-	828,338	10,151,508
Accounts receivable, prepayments and deposits	2,975,521	-	(1,697,643)	1,277,878
Accounts payable, deposits received and accrued charges	7,033,847	-	(125,737)	6,908,110
Contract liabilities	-	-	6,499,300	6,499,300
Deposits received on sale of properties	6,318,847	-	(6,318,847)	-
Taxation	2,407,429	-	(152,463)	2,254,966
Other reserves	9,744,783	(619,707)	67,230	9,192,306
Retained profits	73,945,580	619,707	(691,441)	73,873,846

	For the year ended 31 December 2018			
	Without the adoption of HKFRS 9 and HKFRS 15 HK$'000	Effect of adoption of HKFRS 9 HK$'000	Effect of adoption of HKFRS 15 HK$'000	As reported HK$'000
Consolidated income statement (extract)				
Turnover	23,287,784	-	(1,854,568)	21,433,216
Cost of sales and direct expenses	(13,360,560)	-	930,547	(12,430,013)
Net (decrease)/increase in fair value on financial assets at fair value through profit or loss	(1,500,582)	39,430	-	(1,461,152)
Share of results of associates and joint ventures	2,061,729	-	80,117	2,141,846
Taxation	(3,330,482)	-	152,463	(3,178,019)
Profit attributable to:				
Company's shareholders	8,151,306	39,430	(691,441)	7,499,295
Earnings per share	HK$	HK$	HK$	HK$
- Basic	5.61	0.03	(0.48)	5.16
- Diluted	5.61	0.03	(0.48)	5.16

The adoption of HKFRS 9 and HKFRS 15 has no impact to the consolidated statement of cash flows.

2. Changes in accounting policies (continued)

(ii) HKFRS 9 - impact of adoption

(a) Classification and measurement of financial instruments

Management has assessed the business models and the contractual terms of the cash flows apply to the financial assets held by the Group at the date of initial application of HKFRS 9 (1 January 2018) and has classified its financial instruments into the appropriate HKFRS 9 categories, which are those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and those to be measured at amortised cost.

The main effects resulting from this reclassification are as follows:

	Available-for-sale investments HK$'000	FVOCI HK$'000	FVPL (non-current portion) HK$'000
Opening balance - HKAS 39	5,344,294	-	-
Reclassifications	(5,344,294)	1,264,760	4,079,534
Opening balance - HKFRS 9	-	1,264,760	4,079,534

The main effects resulting from this reclassification on the Group's equity are as follows:

	AFS revaluation reserve HK$'000	FVOCI reserve HK$'000	Retained profits HK$'000
Opening balance - HKAS 39	1,521,613	-	68,092,523
Reclassify investments from AFS to FVPL	(580,277)	-	580,277
Reclassify investments from AFS to FVOCI	(941,336)	941,336	-
Opening balance - HKFRS 9	-	941,336	68,672,800

Accumulated fair value gains of certain investments amounting to HK$580,277,000 were reclassified from AFS revaluation reserve to retained profits on 1 January 2018.

The Group elected to present in other comprehensive income the changes in fair value of certain investments previously classified as available-for-sale because these investments are held as long-term strategic investments. As a result, accumulated fair value gains of these investments amounting to HK$941,336,000 were reclassified from AFS revaluation reserve to FVOCI reserve on 1 January 2018.

2. Changes in accounting policies (continued)

(ii) HKFRS 9 - impact of adoption (continued)

(b) Impairment of financial assets

The new impairment model requires the recognition of impairment provisions based on expected credit losses ("**ECL**") rather than only incurred credit losses as is the case under HKAS 39. The Group has two types of financial assets at amortised cost subject to HKFRS 9's new expected credit loss model:

- second mortgage loans receivable
- trade and other receivables (excluding prepayments and second mortgage loans receivable)

The Group revised its impairment methodology under HKFRS 9 for each of these classes of assets.

(I) Second mortgage loans receivable

For second mortgage loans receivable already in place at 1 January 2018, the Group has determined that reliably assessing the probability of default at the initial recognition of each second mortgage loans receivable would result in undue cost and effort. As permitted by HKFRS 9, the credit provision will be determined based on whether credit risk is low only at each reporting date, until the loan is derecognised. The impairment provision based on the ECL for the second mortgage loans receivable whose credit risk has been assessed as other than low and for which the impairment methodology has been applied is immaterial to the financial position of the Group as at 1 January 2018 and 31 December 2018.

(II) Trade and other receivables (excluding prepayments and second mortgage loans receivable)

For trade and other receivables (excluding prepayments and second mortgage loans receivable), the Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which requires the use of the lifetime expected loss provision for all trade and other receivables (excluding prepayments and second mortgage loans receivable). The impairment provision based on the ECL for the trade and other receivables (excluding prepayments and second mortgage loans receivable) whose credit risk has been assessed as other than low and for which the impairment methodology has been applied is immaterial to the financial position of the Group as at 1 January 2018 and 31 December 2018.

(iii) HKFRS 15 - impact of adoption

Accounting for property development activities

In prior reporting periods, the Group accounted for property development activities when significant risks and rewards of ownership of properties have been transferred to the customers.

2. Changes in accounting policies (continued)

(iii) HKFRS 15 - impact of adoption (continued)

Under HKFRS 15, revenue from pre-sales of properties is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and laws that apply to the contract, control of the properties under development may transfer over time or at a point in time. If properties have no alternative use to the Group contractually and the Group has an enforceable right to payment from the customers for performance completed to date, the Group satisfies the performance obligation over time and therefore, recognises revenue over time in accordance with the input method for measuring progress. Otherwise, revenue is recognised at a point in time when the customer obtains control of the completed property.

The timing of revenue recognition for sale of certain completed properties, which was previously based on whether significant risks and rewards of ownership of properties transfer, will be recognised at a later point in time when the underlying property is legally or physically transferred to the customer under the control transfer model.

The Group currently offers different payment schemes to customers, the transaction price and the amount of revenue for the sale of property will be adjusted when significant financing component exists in that contract.

The Group provides different incentives to customers when they sign a property sale contract. Certain incentives represent separate performance obligation in a contract. Part of the consideration of the contract will be allocated to those performance obligations and recognised as revenue only when performance obligation is satisfied. The amount of revenue for the sale of property will also be reduced for any cash payment to customer which does not represent fair value of good or service provided by the customer.

Certain costs incurred for obtaining a pre-sale property contract, which were previously expensed off in profit and loss directly, will be eligible for capitalisation under HKFRS 15 and match with revenue recognition pattern of related contract in the future.

The excess of cumulative revenue recognised in profit or loss over the cumulative payments made by customers is recognised as contract assets. The excess of cumulative payments made by customers over the cumulative revenue recognised in profit or loss is recognised as contract liabilities. Contract liabilities recognised in relation to property development activities were previously presented as deposits received on sale of properties (HK$8,133,574,000 as at 1 January 2018).

Other than the presentation of contract liabilities, the adoption of HKFRS 15 has no material impact on the consolidated financial statements of the Group as at 1 January 2018.

3. Principal activities and segmental analysis of operations

An analysis of the Group's turnover and gross profit for the year by principal activity and market is as follows:

	Turnover Year ended 31 December		**Gross profit** Year ended 31 December	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
Principal activities:				
Property rental and others				
- The People's Republic of China ("**PRC**") Property	**3,685,853**	3,443,835	**2,905,140**	2,713,551
- Hong Kong Property	**1,164,338**	1,097,098	**926,071**	873,773
	4,850,191	4,540,933	**3,831,211**	3,587,324
Property sales				
- PRC Property (Note)	**7,515,833**	8,463,435	**2,381,200**	2,659,034
- Hong Kong Property	**6,959,118**	20,626,040	**2,398,477**	3,090,394
	14,474,951	29,089,475	**4,779,677**	5,749,428
Hotel operations - PRC Property	**2,108,074**	1,917,715	**392,315**	408,748
	21,433,216	35,548,123	**9,003,203**	9,745,500
Principal markets:				
- PRC	**13,309,760**	13,824,985	**5,678,655**	5,781,333
- Hong Kong	**8,123,456**	21,723,138	**3,324,548**	3,964,167
	21,433,216	35,548,123	**9,003,203**	9,745,500

Note: Sales of investment properties for the year ended 31 December 2018 amounting to HK$90,902,000 (2017: HK$94,013,000) are excluded from turnover.

3. Principal activities and segmental analysis of operations (continued)

An analysis of the Group's financial results by operating segment is as follows:

	Year ended 31 December 2018				
	PRC Property HK$'000	Hong Kong Property HK$'000	Total Operating Segments HK$'000	Others HK$'000	Total HK$'000
Revenue					
Turnover	13,309,760	8,123,456	21,433,216	-	21,433,216
Results					
Segment results - gross profit	5,678,655	3,324,548	9,003,203	-	9,003,203
Other income and net gains					673,010
Provision for impairment loss for property under development					(1,175,281)
Net decrease in fair value on financial assets at fair value through profit or loss					(1,461,152)
Administrative and other operating expenses					(1,140,217)
Increase in fair value of investment properties					4,457,289
Operating profit before finance costs					10,356,852
Finance costs					(584,501)
Operating profit					9,772,351
Share of results of associates and joint ventures					2,141,846
Profit before taxation					11,914,197
Taxation					(3,178,019)
Profit for the year					8,736,178
Profit attributable to:					
Company's shareholders					7,499,295
Non-controlling interests					1,236,883
					8,736,178
Depreciation and amortisation	490,022	16,114	506,136	3,148	509,284

3. Principal activities and segmental analysis of operations (continued)

	Year ended 31 December 2017				
	PRC Property HK$'000	Hong Kong Property HK$'000	Total Operating Segments HK$'000	Others HK$'000	Total HK$'000
Revenue					
Turnover	13,824,985	21,723,138	35,548,123	-	35,548,123
Results					
Segment results - gross profit	5,781,333	3,964,167	9,745,500	-	9,745,500
Other income and net gains					882,195
Net increase in fair value on financial assets at fair value through profit or loss					1,997
Administrative and other operating expenses					(997,524)
Increase in fair value of investment properties					1,933,747
Operating profit before finance costs					11,565,915
Finance costs					(628,209)
Operating profit					10,937,706
Share of results of associates and joint ventures					2,060,052
Profit before taxation					12,997,758
Taxation					(2,787,026)
Profit for the year					10,210,732
Profit attributable to:					
Company's shareholders					9,242,116
Non-controlling interests					968,616
					10,210,732
Depreciation and amortisation	445,797	18,920	464,717	3,040	467,757

4. Provision for impairment loss for property under development

The Group had acquired 100% interest of a project located at Lot C12 at Nam Van Lake, Macau ("**Nam Van Lake Project**") in 2007 through acquisition of the land owning company which is now a wholly owned subsidiary of the Group. The land lease of the Nam Van Lake Project was valid until 30 July 2016. Despite continuous submission of various applications and development proposals to proceed with the project, the development works were forced to come to a halt after the completion of foundation and site formation works due to Macau SAR Government's suspension of review of building plan submissions. It was not until 2012 that the Group was officially informed by the Macau SAR Government that it was reconsidering the master planning of Areas C&D of Nam Van Lake district in light of the inclusion of the Historic Centre of Macau SAR into the World Heritage List. Over the years, the Group has continuously chased Macau SAR Government to finalise the master planning of Areas C&D of Nam Van Lake district and to process the building plan submissions but to no avail.

In June 2016, the Group submitted to Macau SAR Government a request for the renewal of the land lease and was subsequently informed by the Macau SAR Government in July of the same year that the Land Law does not allow for the renewal of leases which had not been developed. The land lease period ended on 30 July 2016. Prior to the expiry of the land the Macau SAR Government had published a list of land stating that non-development of the land was not attributable to the fault of the lessees and Lot C12 at Nam Van Lake, Macau was included in this list. In May 2018, Macau SAR Government nonetheless gazetted the expiry of the land lease of the Nam Van Lake Project for the reason of non-development and the Group was formally notified of the aforesaid expiry by letter from Macau SAR Government.

In June 2018, the Group filed an appeal ("**Appeal**") to the Court of Second Instance of Macau SAR ("**Court**") against the decision of the Chief Executive of Macau SAR in declaring the expiry of the land lease. The final decision of the Court concerning the Appeal is expected to be awarded within 2019.

As Macau SAR Government has officially declared expiry of the land lease, full impairment provision for the Nam Van Lake Project amounting to approximately HK$1,175 million was made.

5. Net (decrease)/increase in fair value on financial assets through profit or loss

The change in fair value on financial assets through profit or loss for the year ended 31 December 2018 includes the decrease in fair value of HK$1,500 million relating to the investment in Shanghai Krupp Stainless Co. Ltd. ("**SKS**").

The Group in 2016 acquired an equity interest of approximately 24.4% in SKS, which owns a site located in Pudong New Area, Shanghai. As the Group does not have any significant influence over financial and operating policies to SKS, the Group recorded its investment as available-for-sale investments prior to 1 January 2018. Following the adoption of HKFRS 9 on 1 January 2018, the investment was reclassified as financial assets at fair value through profit or loss in 2018.

5. Net (decrease)/increase in fair value on financial assets through profit or loss (continued)

In May 2016, the Shanghai Municipal Government issued an approval covering the planning change for the site to commercial development use ("**May approval**"). Subsequently in August 2017, another approval was granted by the Shanghai Municipal Government to include the site as part of the newly planned World Expo Cultural Park.

The Group's investment made in the second half of 2016 was on the basis of the May approval. Amongst the investors, a state-owned company through different investment vehicles collectively is the largest investor in the project.

In the second quarter of 2018, the Shanghai municipal authorities communicated to the project company their intention to incorporate the project site in the World Expo Cultural Park development. Since then discussions and negotiations have been ongoing with the Shanghai municipal authorities with a view to arriving at a mutually acceptable solution to enable the Group to withdraw from the project. However, a conclusion on the acquisition compensation has not yet been reached. A final agreement of terms is expected to be reached sometime within 2019. Up to the date of this announcement, the project company remains as the legal and registered owner of the site with all the rights conferred as per the original land grant.

Management has engaged an independent valuer, Savills Valuation and Professional Services Limited, who holds recognised relevant professional qualifications, to estimate the fair value of SKS as at 31 December 2018. Savills Valuation and Professional Services Limited adopted an asset-based valuation approach, which is a means of estimating the value of a business using methods based on the market value of individual business assets less liabilities and judgement was required to determine the fair value.

6. Operating profit

	Year ended 31 December	
	2018	2017
	HK$'000	HK$'000
Operating profit is stated after crediting/charging the following:		
Crediting		
Dividend income	**70,101**	77,904
Interest income	**676,569**	540,392
Gain on sale of investment properties, net	**37,924**	18,707
Charging		
Depreciation of property, plant and equipment and amortisation of leasehold land and land use rights	**509,284**	467,757
Total finance costs incurred	**949,602**	1,347,197
Less: amount capitalised in properties under development and investment properties under development	**(386,733)**	(493,494)
	562,869	853,703
Fair value loss/(gain) on derivative financial instruments	**21,632**	(225,494)
Total finance costs expensed during the year	**584,501**	628,209

7. Taxation

	Year ended 31 December	
	2018	2017
	HK$'000	HK$'000
The taxation (charge)/credit comprises:		
PRC taxation		
Current	**(1,474,115)**	(1,740,557)
Over/(under)-provision in prior years	**903**	(7,712)
Deferred	**(1,199,041)**	(385,973)
	(2,672,253)	(2,134,242)
Hong Kong profits tax		
Current	**(469,618)**	(553,379)
Over/(under)-provision in prior years	**2,630**	(51,268)
Deferred	**(22,255)**	(24,361)
	(489,243)	(629,008)
Overseas taxation		
Current	**(9,037)**	(10,158)
Under-provision in prior years	**(1,905)**	-
Deferred	**(5,581)**	(13,618)
	(16,523)	(23,776)
	(3,178,019)	(2,787,026)

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profit for the year. Income tax on PRC and overseas profits has been calculated on the estimated assessable profit for the year at the respective rates of taxation prevailing in the PRC and the overseas countries in which the Group operates.

Land appreciation tax in the PRC is levied on properties developed by the Group for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including land costs, borrowing costs and all property development expenditures.

The Group’s share of taxation of associates and joint ventures for the year of HK$483,954,000 (2017: HK$559,266,000) is included in the share of results of associates and joint ventures in the consolidated income statement.

8. Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2018	2017
Weighted average number of ordinary shares in issue	**1,452,417,742**	1,443,939,549
	HK$'000	HK$'000
Profit attributable to shareholders	**7,499,295**	9,242,116
Basic earnings per share	**HK$5.16**	HK$6.40

Diluted

Diluted earnings per share is calculated by adjusting the profit attributable to shareholders of the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

	Year ended 31 December	
	2018	2017
Weighted average number of ordinary shares in issue	**1,452,417,742**	1,443,939,549
Adjustment for share options	**1,621,526**	1,075,525
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,454,039,268**	1,445,015,074
	HK$'000	HK$'000
Profit attributable to shareholders	**7,499,295**	9,242,116
Diluted earnings per share	**HK$5.16**	HK$6.40

9. Accounts receivable, prepayments and deposits

Included in accounts receivable, prepayments and deposits are trade receivables. The Group maintains a defined credit policy. The ageing analysis of trade receivables as at 31 December 2018 is as follows:

	As at 31 December 2018 HK$'000	As at 31 December 2017 HK$'000
Below 1 month	**120,826**	1,905,122
Between 1 month and 3 months	**16,544**	427,595
Over 3 months	**26,094**	1,999,300
	163,464	4,332,017

10. Accounts payable, deposits received and accrued charges

Included in accounts payable, deposits received and accrued charges are trade payables. The ageing analysis of trade payables as at 31 December 2018 is as follows:

	As at 31 December 2018 HK$'000	As at 31 December 2017 HK$'000
Below 1 month	**334,407**	669,119
Between 1 month and 3 months	**22,732**	29,869
Over 3 months	**9,631**	15,079
	366,770	714,067

11. Bank loans

	As at 31 December 2018 HK$'000	As at 31 December 2017 HK$'000
Bank loans - unsecured	**28,378,777**	32,439,379
Bank loans - secured	**2,387,783**	3,245,485
Total bank loans (note (i))	**30,766,560**	35,684,864
Less : Short-term bank loans and current portion of long-term bank loans	**(8,141,552)**	(8,903,148)
	22,625,008	26,781,716

11. Bank loans (continued)

(i) As at 31 December 2018, the Group's bank loans were repayable as follows:

	As at 31 December 2018 HK$'000	As at 31 December 2017 HK$'000
Within one year	**8,141,552**	8,903,148
In the second to fifth year		
- In the second year	**8,731,082**	8,263,691
- In the third year	**6,908,349**	8,665,414
- In the fourth year	**5,684,072**	5,702,611
- In the fifth year	**1,301,505**	4,150,000
	22,625,008	26,781,716
Repayable within five years	**30,766,560**	35,684,864

12. Commitments

At 31 December 2018, the Group had capital and other commitments in respect of property, plant and equipment, investment properties, leasehold land and land use rights, properties under development, interest in joint ventures and others contracted for at the end of the year but not provided for in these financial statements as follows:

	As at 31 December 2018 HK$'000	As at 31 December 2017 HK$'000
Property, plant and equipment	**-**	5,189
Investment properties	**920,725**	48,191
Leasehold land and land use rights	**4,005,274**	342,636
Properties under development	**4,237,180**	3,789,833
Interest in joint ventures	**126,251**	1,092,326
Others	**297,635**	313,205
	9,587,065	5,591,380

13. Contingent liabilities

Guarantees for banking facilities

	As at 31 December 2018 HK$'000	As at 31 December 2017 HK$'000
- Guarantees for banking facilities of certain associates (note (i))	**2,680,659**	1,313,629
- Guarantees to certain banks for mortgage facilities granted to first buyers of certain properties in the PRC (note (ii))	**2,296,125**	4,242,516
	4,976,784	5,556,145

(i) The Group has executed guarantees for banking facilities granted to certain associates. The utilised amount of such facilities covered by the Group's guarantees which also represented the financial exposure of the Group as at 31 December 2018 amounted to approximately HK$2,680,659,000 (2017: HK$1,313,629,000). The total amount of such facilities covered by the Group's guarantees as at 31 December 2018 amounted to approximately HK$2,680,659,000 (2017: HK$1,313,629,000).

(ii) The Group has executed guarantees to certain banks for mortgage facilities granted to first buyers of certain properties developed by the Group in the PRC. The utilised amount of such facilities covered by the Group's guarantees which also represented the financial exposure of the Group as at 31 December 2018 amounted to approximately HK$2,296,125,000 (2017: HK$4,242,516,000).

Apart from the above, there are no material changes in contingent liabilities of the Group since 31 December 2017.

14. Pledge of assets

At 31 December 2018, the Group's total bank loans of HK$30,766,560,000 (2017: HK$35,684,864,000) included an aggregate amount of HK$28,378,777,000 (2017: HK$32,439,379,000) which is unsecured and an aggregate amount of HK$2,387,783,000 (2017: HK$3,245,485,000) which is secured. The securities provided for the secured banking facilities available to the Group are as follows:

(i) legal charges over certain properties with an aggregate net book value of HK$16,408,731,000 (2017: HK$16,585,886,000); and

(ii) assignments of insurance proceeds of certain properties.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF PROPERTY BUSINESS

OVERVIEW

The year ended 31 December 2018 was marked by increasing unpredictability and complex challenges. However, despite these headwinds, the Group was able to stay on course and delivered positive results. Sales activity moderated in the latter part of the reporting period, while the performance of the leasing and hotel operations remained robust throughout the year.

As at 31 December 2018, the Group held a portfolio comprising properties under development with a gross floor area ("**GFA**") of 25.36 million square feet (2017: 18.96 million square feet), completed investment properties of 13.10 million square feet (2017: 12.04 million square feet), hotel properties of 4.67 million square feet (2017: 4.59 million square feet), and properties held for sale of 2.32 million square feet (2017: 3.51 million square feet). This prime asset base continues to affirm the Group's position for long-term growth.

Property Portfolio Composition

As at 31 December 2018:

	Group's attributable GFA				
	The PRC	Hong Kong	Macau[(1)] ('000 square feet)	Overseas	Total
Completed Investment Properties	8,445	2,863	-	1,792	13,100
Hotel Properties	4,126	38	-	504	4,668
Properties Under Development	20,887	818	1,988	1,670	25,363
Properties Held for Sale	1,915	400	-	7	2,322
Total GFA	**35,373**	**4,119**	**1,988**	**3,973**	**45,453**

Note:

(1) The property portfolio in Macau includes the buildable GFA of a site that was surrendered to the Macau SAR Government in September 2009. According to the Macau SAR Government Notice gazetted on 14 October 2009, a piece of land will be granted in exchange for this, with size and location to be identified and agreed upon.

PRC PROPERTY DIVISION

The PRC Property Division reported a 4% decrease in turnover to HK$13,310 million (2017: HK$13,825 million), accounted for by a drop of 11% in sales revenue from completed properties albeit accompanied by a 7% growth in rental revenue. Gross profit declined 2% to HK$5,678 million (2017: HK$5,781 million).

The Division continued to plan and adjust its sales activity in step with shifts in market demand and the central government's housing policies. With the commissioning of new mixed-use projects in the PRC, revenue and earnings generated from the investment property portfolio maintained their steady growth.

INVESTMENT PROPERTIES

During the year, the PRC portfolio of completed investment properties delivered a turnover, comprising rental and other fees, of HK$3,686 million (2017: HK$3,444 million). Gross profit was HK$2,905 million (2017: HK$2,713 million), up 7% year on year.

As at 31 December 2018, the completed investment property portfolio in the PRC occupied an aggregate GFA of 8.45 million square feet (2017: 7.39 million square feet), comprising apartment, commercial and office properties. Their respective composition and occupancy rates were as follows:

As at 31 December 2018:

	Group's attributable GFA								
	Beijing	**Shanghai**	**Shenzhen**	**Hangzhou**	**Shenyang**	**Tianjin**	**Jinan**	**Total**	**Occupancy Rate**
				('000 square feet)					
Office	**711**	**1,429**	**1,552**	**102**	**354**	**-**	**195**	**4,343**	**88%**
Commercial	**98**	**1,096**	**104**	**798**	**486**	**435**	**34**	**3,051**	**88%**
Apartment	**277**	**774**	**-**	**-**	**-**	**-**	**-**	**1,051**	**89%#**
	1,086	**3,299**	**1,656**	**900**	**840**	**435**	**229**	**8,445**	

As at 31 December 2017:

	Group's attributable GFA						
	Beijing	Shanghai	Shenzhen	Hangzhou	Tianjin	Total	Occupancy Rate
				('000 square feet)			
Office	711	1,436	1,552	100	-	3,799	97%
Commercial	98	1,096	104	812	428	2,538	95%
Apartment	277	774	-	-	-	1,051	91%#
	1,086	3,306	1,656	912	428	7,388	

 # Excluding an apartment building at Central Residences II, Shanghai where refurbishment commenced in the fourth quarter of 2017.

Comparative occupancy rates of key investment properties are outlined below:

Property	**Occupancy rate as at 31 December 2018**	Occupancy rate as at 31 December 2017
Jing An Kerry Centre Phase I	**96%**	95%
Jing An Kerry Centre Phase II (1)	**98%**	98%
Kerry Parkside (1)	**97%**	97%
Beijing Kerry Centre (1)	**96%**	97%
Shenzhen Kerry Plaza Phase I	**97%**	94%
Shenzhen Kerry Plaza Phase II	**97%**	94%
Hangzhou Kerry Centre (1)	**92%**	95%
Shenyang Kerry Centre (1)	**39%**	N/A

Note:
(1) Excluding the hotel portion.

Jing An Kerry Centre, Shanghai

This landmark mixed-use development stands in the heart of Shanghai's Nanjing Road business district. The Group holds 74.25% and 51% interests in its Phases I and II respectively. With a GFA of 3.74 million square feet, Jing An Kerry Centre integrates hotel, retail, office and residential space overlooking a beautifully landscaped piazza. While the luxurious Shangri-La Hotel is a key feature, the development is also the pre-eminent shopping venue and most exclusive office address in Shanghai. As at 31 December 2018, 99% of the office space (2017: 98%) and 97% of the retail space (2017: 99%) were leased. Jing An Shangri-La Hotel achieved an average occupancy rate of 78% during the year (2017: 80%).

Kerry Parkside, Shanghai

Kerry Parkside, located in Shanghai's Pudong District, is a 40.8%-held mixed-use property comprising a hotel, offices, serviced apartments, a retail mall and related ancillary facilities. As at 31 December 2018, the retail space and offices were both 100% leased (2017: both 100%), while the serviced apartments were 85% occupied (2017: 85%). Kerry Hotel Pudong, Shanghai reported an average occupancy rate of 74% during the year (2017: 77%).

Beijing Kerry Centre

Beijing Kerry Centre, located in the heart of the capital city, integrates high-quality office space, a shopping mall, the Kerry Hotel Beijing and serviced apartments. The Group holds a 71.25% interest in this mixed-use development. As at 31 December 2018, the occupancy rate of the retail portion was 85% (2017: 94%), while the offices were 99% leased (2017: 98%). The serviced apartments were 93% leased as at 31 December 2018 (2017: 96%). Kerry Hotel Beijing recorded an average occupancy rate of 85% during the year (2017: 85%).

Shenzhen Kerry Plaza

Shenzhen Kerry Plaza, wholly owned by the Group, comprises three Grade-A office towers. Located at the core of the Futian CBD, it is conveniently connected with Futian railway station on the Guangzhou-Shenzhen-Hong Kong Express Rail Link. As at 31 December 2018, Phases I and II of the development were both 97% leased (2017: both 94%).

Shenyang Kerry Centre

The recently opened Shenyang Kerry Centre, located at the east side of Qingnian Street in Shenyang, Liaoning Province, has added office and commercial space to the Group's rental property portfolio. As at 31 December 2018, the offices were 19% leased (2017: N/A), while 68% of the retail space was leased (2017: N/A). Shangri-La Hotel, Shenyang reported an average occupancy rate of 68% (2017: 71%). The Group holds a 60% stake in the project.

Hangzhou Kerry Centre

Hangzhou Kerry Centre is located at the intersection of Yan'an Road and Qingchun Road, adjacent to the Xihu (West Lake). This 2.2 million square-foot mixed-use property comprises a luxury hotel, Grade-A offices, premium apartments and a retail-mall complex. As at 31 December 2018, the offices were 82% leased (2017: 97%), while 94% of the retail space was leased (2017: 94%). Midtown Shangri-La, Hangzhou reported an average occupancy rate of 77% during the year (2017: 76%). The Group holds a 75% stake in the project.

Tianjin Kerry Centre

Tianjin Kerry Centre is a riverfront property on the east bank of the Haihe River in the Hedong CBD, Tianjin, where it enjoys convenient access to a major transportation network. Phase I of this 49%-owned mixed-use project includes a hotel, upscale residences and a shopping mall, delivering a GFA of approximately 3.6 million square feet. Phase II of the development is under planning. As at 31 December 2018, the Riverview Place mall was 74% leased (2017: 76%). Shangri-La Hotel, Tianjin reported an average occupancy rate of 73% during the year (2017: 71%).

Jinan Enterprise Square

Jinan Enterprise Square is located at Lixia District, Jinan, Shandong Province. As at 31 December 2018, the offices were 76% leased (2017: N/A), while 37% of the retail space was leased (2017: N/A). Shangri-La Hotel, Jinan reported an average occupancy rate of 58% (2017: 31%). The Group holds a 55% stake in the project.

SALES OF PROPERTIES

Sales of completed properties in the PRC generated a turnover of HK$7,516 million (2017: HK$8,463 million), mainly from recognised sales of Castalia Court in Hangzhou, Jinling Arcadia Court in Nanjing, Shenyang Arcadia Height, The Metropolis-Arcadia Court Phase II in Chengdu, Habitat in Qinhuangdao and Lake Grandeur in Hangzhou. A gross profit of HK$2,381 million (2017: HK$2,659 million) was derived therefrom.

The Division also derived a satisfactory profit from the sales of The Berylville in Ningbo.

Castalia Court, Hangzhou

The Group's wholly-owned residential and commercial development is located in the core area of the Hangzhou Zhijiang National Tourist and Holiday Resort. With an aggregate site area of approximately 1.53 million square feet, the development will yield a GFA of approximately 2.27 million square feet of residential property, Castalia Court, as well as approximately 250,000 square feet of commercial space. As at 31 December 2018, all 408 Phase I units and 550 Phase II units had been sold. Construction work for Phase III is currently underway. As at 31 December 2018, 98% of the total of 725 Phase III units had been pre-sold.

Jinling Arcadia Court, Nanjing

The Group has developed a residential project located at Da Guang Road in Nanjing's Qin Huai District. This wholly-owned project, Jinling Arcadia Court, has a site area of approximately 396,000 square feet and a GFA of approximately 1 million square feet. Project construction was completed in 2017. As at 31 December 2018, 97% of the total of 429 units had been sold.

Arcadia Height, Shenyang

A tower of Arcadia Height of the Shenyang Kerry Centre Phase II development has been completed and delivered for occupation. As at 31 December 2018, 77% of the total of 495 Phase II residential units had been sold/pre-sold. The Group holds a 60% interest in this project.

The Metropolis-Arcadia Court, Chengdu

The Metropolis-Arcadia Court in Chengdu is located in the southern part of the High-Tech Industrial Development Zone. The Phase I residential units have all been sold and delivered. Phase II has a total GFA of approximately 2.1 million square feet. As at 31 December 2018, all Phase II residential and commercial units had been sold and delivered. The Group holds a 55% interest in this project.

Habitat, Qinhuangdao

Phase I of Habitat, the Group's 60%-owned deluxe seaside residential project close to Beidaihe in Qinhuangdao, Hebei Province, has been completed. As at 31 December 2018, 82% of the total of 778 Phase I residential units had been sold. The Phase I development has a GFA of approximately 1.6 million square feet.

Lake Grandeur, Hangzhou

Lake Grandeur, with a GFA of approximately 330,000 square feet, is situated at Hangzhou Kerry Centre. The development stands adjacent to the renowned West Lake in Hangzhou and was completed in 2017. As at 31 December 2018, 23% of the total of 121 units had been sold. The Group holds a 75% interest in this development.

The Berylville Phase II, Ningbo

The Berylville Phase II, Ningbo, with a GFA of approximately 617,000 square feet, is located in the Eastern New Town Core Region of Ningbo and was completed in 2018. As at 31 December 2018, all 437 units had been sold. The Group holds a 50% interest in this development.

PROPERTIES UNDER DEVELOPMENT

The Group has selectively replenished its land bank while continuing to develop mixed-use property landmarks and residential projects in prime locations.

Shenyang

The Group's 60%-owned Shenyang Kerry Centre project is located on the east side of Qingnian Street, to the south of Qingnian Park in Shenyang, the provincial capital of Liaoning Province. Lying at the core of the city's landmark Golden Corridor development, the site will yield a GFA of approximately 13 million square feet. This mixed-use project will include a hotel, offices, a shopping mall and residences. Phase I of the development has been completed, Phase II was partially completed while Phase III is now under construction.

Wuhan

On 20 September 2018, the Group won a bid to acquire the land use rights of a site located in Jianghan District, Wuhan City, Hubei Province. Lying in a prime commercial district at the intersection of the Yangtze and Han rivers, and in the vicinity of the Inner Ring Road city-centre area, the site will enjoy direct access to the Wuhan Metro Line 13 currently under planning. This wholly owned project, with an aggregate site area of approximately 700,000 square feet, the project is planned to yield a total GFA of approximately 4.5 million square feet. The Group plans to develop a large-scale complex with office, commercial, residential and educational components.

Qianhai, Shenzhen

The Group holds a 350,000 square-foot commercial site for development in the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone. This site has a total buildable GFA of approximately 2.2 million square feet, offers an unobstructed seafront view, and is designated for a mixed-use development comprising office, apartment and commercial space. The project is wholly owned by the Group and represents the first substantial investment in Qianhai by a major Hong Kong corporation. It is expected to be completed in 2020. The pre-sale of units of an apartment tower was launched in June 2018 with a strong market response.

The Group also holds a 25% interest in another project under development on an adjacent site. The Company, Kerry Holdings Limited and The Bank of East Asia, Limited jointly acquired this site, with an area of approximately 207,000 square feet, in December 2016. This project is designed to yield a GFA of approximately 1.3 million square feet for commercial use.

On 14 December 2018, the Company won a bid to acquire a parcel of land in the Qianwan area, adjacent to the two existing developments. This new site is designated for commercial use and has an area of approximately 184,000 square feet, which is planned to yield a GFA of approximately 886,000 square feet, accommodating office, commercial and underground retail space, as well as complementary community facilities. The new development will further the Group’s core presence in Qianhai, and will facilitate its plan to build a modern, integrated hub for work, business activity and urban living.

Qianhai is a special economic zone situated in a key location in the Pearl River Delta. All three sites lie conveniently close to the Guangshen-Yanjiang Expressway. The Group believes that the development of these adjacent sites will create a highly synergistic effect.

Fuzhou

On 30 August 2018, the Group won a bid for a commercial (including retail and commercial services) and residential site in Cangshan District, Fuzhou City, Fujian Province. This wholly owned project, with an aggregate site area of approximately 1.4 million square feet, is planned to yield a total GFA of approximately 3.7 million square feet. This new project is located in the Sanjiangkou area where it enjoys a captivating waterfront view. It also lies conveniently at the intersection of the Fuzhou-Xiamen Expressway, and will be linked to the Fuzhou Metro Line 6. The Group plans to develop an integrated complex with office, commercial and residential space.

Zhengzhou

The Group and Shangri-La Asia Limited (“**Shangri-La**”) are also collaborating on a development located on the east side of Huayuan Road and to the south of Weier Road in Zhengzhou City, Henan Province. The site will yield a GFA of approximately 2.1 million square feet for development into hotel, residential, commercial and office properties. The project is scheduled to be completed in phases from 2022 onwards. The Group holds a 55% interest in this project.

Kunming

The Group, together with Shangri-La, is developing two adjoining sites in Kunming City, Yunnan Province. The sites are earmarked for hotel and apartment use, with a GFA of approximately 696,000 square feet. The Group holds a 55% interest in this project, which is scheduled to be completed in 2021.

Nanchang

In Nanchang, the provincial capital of Jiangxi Province, the Group is developing a project through a joint venture with Shangri-La. This 80%-held project is situated on the west bank of the Ganjiang River in the heart of the Honggutan Central District. The development includes a hotel, offices, and commercial and high-end residential properties. The hotel and residential portions are completed, delivering a GFA of approximately 1.7 million square feet. Planning of the forthcoming office site is in progress.

Putian

The Group and Shangri-La are co-developing a hotel property, as part of the Putian project development, at Jiuhua Road, Putian City, Fujian Province. The Group holds a 60% interest in this project. Construction works for the hotel, which has a GFA of approximately 368,000 square feet, are now in progress and are expected to be completed in 2020.

Shanghai

The Group in 2016 acquired an equity interest of approximately 24.4% in a Shanghai project company which owns a site located in Pudong New Area, Shanghai. The site, designated for industrial use, has a gross area of approximately 4.43 million square feet. In May 2016, the Shanghai Municipal Government issued an approval covering the planning change for the site to commercial development use ("**May approval**"). Subsequently in August 2017, another approval was granted by the Shanghai Municipal Government to include the site as part of the newly planned World Expo Cultural Park.

The Group's investment made in the second half of 2016 was on the basis of the May approval. Amongst the investors, a state-owned company through different investment vehicles collectively is the largest investor in the project.

In the second quarter of 2018, the Shanghai municipal authorities communicated to the project company their intention to incorporate the project site in the World Expo Cultural Park development. Since then discussions and negotiations have been ongoing with the Shanghai municipal authorities with a view to arriving at a mutually acceptable solution to enable the Group to withdraw from the project. However, a conclusion on the acquisition compensation has not yet been reached. A final agreement of terms is expected to be reached sometime within 2019.

Following the adoption of HKFRS 9 on 1 January 2018, the Group's investment was classified as financial assets in 2018. During the year ended 31 December 2018, a decrease in fair value amounting to HK$1,500 million was recorded. Therefore, as at 31 December 2018, the carrying value of the Group's investment amounts to approximately HK$1,754 million. Up to the date of this announcement, the project company remains as the legal and registered owner of the site with all the rights conferred as per the original land grant.

Properties under development in the PRC

As at 31 December 2018:

	Group's Attributable GFA Upon Completion				
	Residential	**Office**	**Commercial**	**Hotel**	**Total**
			('000 square feet)		
Wuhan	2,793	1,190	484	-	4,467
Fuzhou	1,844	1,179	678	-	3,701
Shenyang	2,424	550	438	-	3,412
Shenzhen	646	2,230	399	108	3,383
Qinhuangdao	1,870	-	105	-	1,975
Zhengzhou	558	349	24	226	1,157
Hangzhou	963	-	78	-	1,041
Tianjin	156	422	53	-	631
Nanchang	-	488	29	-	517
Kunming	125	-	-	258	383
Putian	-	-	21	199	220
Total	**11,379**	**6,408**	**2,309**	**791**	**20,887**

HONG KONG PROPERTY DIVISION

During the year ended 31 December 2018, the Hong Kong Property Division recorded a turnover of HK$8,123 million (2017: HK$21,723 million) and gross profit of HK$3,325 million (2017: HK$3,964 million).

The Division's turnover for the year was mainly derived from recognised sales of completed residential properties at Mantin Heights and The Bloomsway.

The portfolio of investment properties in Hong Kong continued to contribute a steady stream of recurrent income as it achieved high occupancy levels and stable rental rates during the year. The strong rental performance of the newly added apartment property, Resiglow, was also a driver of the income growth.

INVESTMENT PROPERTIES

The Group's premier portfolio of residential, commercial and office properties in Hong Kong recorded a robust performance in 2018. Turnover, comprising rental and other fees, generated by the Group's completed investment properties in Hong Kong was HK$1,164 million (2017: HK$1,097 million), producing a gross profit of HK$926 million for the year (2017: HK$874 million).

As at 31 December 2018, the completed investment property portfolio in Hong Kong had an aggregate GFA of 2.86 million square feet (2017: 2.86 million square feet). Set out below is the breakdown of GFA and the respective occupancy rates, together with comparative figures:

	As at 31 December 2018		As at 31 December 2017	
	Group's attributable GFA ***('000 square feet)***	**Occupancy rate**	Group's attributable GFA *('000 square feet)*	Occupancy rate
Apartment	**803**	**99%**	803	86% #
Commercial	**1,219**	**99%**	1,219	99%
Office	**841**	**97%**	841	96%
	2,863		2,863	

Note:
\# *Including Resiglow with leasing commenced in third quarter of 2017.*

Enterprise Square Five/MegaBox, Kowloon Bay

MegaBox blends shopping, entertainment, dining and sports into one innovatively designed complex in Kowloon East. This pioneering retail and lifestyle hub has a GFA of 1.1 million square feet. As at 31 December 2018, the mall had an occupancy rate of nearly 100% (2017: 99%).

MegaBox maintains a dynamic tenant mix offering a wealth of shopping and entertainment choices for different lifestyle needs. The mall therefore consistently achieves nearly full occupancy and robust rental rates.

The two Grade-A office towers of Enterprise Square Five, with a GFA of 519,000 square feet, recorded stable rental rates and were 97% leased as at 31 December 2018 (2017: 94%).

Kerry Centre, Quarry Bay

Kerry Centre, at No. 683 King's Road, Quarry Bay, is the Group's 40%-held flagship office property in Hong Kong. This Grade-A office tower has a GFA of approximately 511,000 square feet. Office units at Kerry Centre remained in high demand, with 100% of the space leased as at 31 December 2018 (2017: 100%).

Resiglow, Happy Valley

The new residential project, Resiglow, at No. 7A Shan Kwong Road, Happy Valley, provides 106 units, including two penthouses, over a GFA of approximately 81,000 square feet. The leasing of this property has met with strong response and as at 31 December 2018, all units (2017: 57%) were leased.

SALES OF PROPERTIES

During the year, recognised sales of completed properties in Hong Kong contributed a turnover of HK$6,959 million (2017: HK$20,626 million) to the Group. A gross profit of HK$2,399 million (2017: HK$3,090 million) was generated, mainly from recognised sales of Mantin Heights and The Bloomsway.

Mantin Heights, Ho Man Tin

The Group's residential project, Mantin Heights, is situated at No. 28 Sheung Shing Street, Ho Man Tin, with a saleable area of approximately 992,000 square feet. The project obtained its Certificate of Compliance in November 2017. As at 31 December 2018, 91% of the total of 1,429 units had been sold.

The Bloomsway, So Kwun Wat

The Bloomsway is a residential project at Nos. 18, 28 and 29 Tsing Ying Road, So Kwun Wat. The project has a saleable area of approximately 838,000 square feet and obtained its Certificate of Compliance in February 2018. As at 31 December 2018, 91% of the total of 1,100 units had been sold.

PROPERTIES UNDER DEVELOPMENT

Mont Rouge, Beacon Hill

The Group is developing Mont Rouge at No. 9 Lung Kui Road in Beacon Hill with a saleable area of approximately 115,000 square feet. This low-density premium residential project comprising two residential towers and 19 houses obtained its Certificate of Compliance in January 2019.

Hing Hon Road, Sai Ying Pun

The Group is developing a residential project at No. 8 Hing Hon Road, following amalgamation of the original development at Nos. 5-6 with the adjacent development at Nos. 7-8. This redevelopment project will deliver a buildable GFA of approximately 68,000 square feet, and is scheduled to be completed in 2019.

Lung Kui Road, Beacon Hill

The Group acquired a further site in Beacon Hill in 2016. This site, at No. 3 Lung Kui Road and occupying an area of 235,000 square feet, will be developed into an upscale low-density residential property with a buildable GFA of approximately 343,000 square feet. The project lies adjacent to Mont Rouge and scheduled to be completed in 2020.

La Salle Road, Ho Man Tin

The Group is developing a residential project at No. 10 La Salle Road in Ho Man Tin, following amalgamation of the entire building at Nos. 168-168C Boundary Street with the adjacent plot at No. 10 La Salle Road. Lying next to 8 LaSalle, this redevelopment project will deliver an aggregate buildable GFA of 45,000 square feet and is scheduled for completion in 2020.

Wong Chuk Hang Station Package Two Property Development, Wong Chuk Hang

Together with Sino Land Company Limited, the Group is co-developing the Wong Chuk Hang Station Package Two Property Development. The Group holds a 50% stake in the project. Located at the southwestern part of the Wong Chuk Hang Station Property Development, the site is designated for private residential purposes. This project will enjoy direct MTR connection and the upside of the vibrant neighbourhood of Wong Chuk Hang. It occupies an area of approximately 92,000 square feet and will generate a buildable GFA of approximately 493,000 square feet. The project is scheduled for completion in 2023.

Properties under development in Hong Kong

As at 31 December 2018:	**Group's attributable GFA upon completion ('000 square feet)**
Residential	818
	818

Macau

Development projects in Macau include a site at Nam Van Lake designated for luxury apartment development and a further residential project currently under discussion with the Macau SAR Government as regards the land exchange issue.

In May 2018, the Macau SAR Government gazetted the expiry of the land lease of the Nam Van Lake project for the reason of non-development. The Group filed an appeal ("**Appeal**") in June 2018 in the Court of Second Instance of Macau SAR ("**Court**") against the decision of the Chief Executive of Macau SAR in declaring the expiry of the land lease. The final decision of the Court concerning the Appeal is expected to be awarded within 2019. The Group is aware of the viability of filing legal proceedings against the Macau SAR Government to claim a due compensation for damages and loss of profits caused, and is assessing with its lawyers the right course of action to be taken.

Considering the above and as a matter of prudence, a full impairment provision was made on the carrying value of the Nam Van Lake project.

OVERSEAS PROPERTY DIVISION

The Philippines

The Group maintains a portfolio of upscale properties in the Philippines. These investments are held through Shang Properties, Inc. (“**SPI**”), in which the Division maintains a 34.61% equity interest and a 30.75% interest in its depository receipts. SPI holds a 100% interest in the Shangri-La Plaza Mall, Manila, and a 70.04% interest in The Enterprise Center, an office and commercial property in Makati, Manila’s financial district. As at 31 December 2018, the occupancy rates of Shangri-La Plaza Mall and The Enterprise Center were 93% and 95% respectively (2017: 90% and 97%, respectively).

SPI holds a high-rise residential project, Shang Salcedo Place in Makati City, with a GFA of approximately 655,000 square feet. As at 31 December 2018, 99% of the total of 749 residential units had been sold.

In addition, SPI holds a 60% interest in a hotel and luxury residential development in Fort Bonifacio, Taguig, Manila. The development includes a hotel with a total area of more than 850,000 square feet, residential and serviced apartment units covering 593,000 square feet, and commercial spaces with a total area of 47,400 square feet. As at 31 December 2018, 96% of the total of 98 units available for sale had been sold. The hotel recorded an average occupancy rate of 63% (2017: 64%) during the year, while the serviced apartments were 84% leased as at 31 December 2018 (2017: 51%).

Apart from these completed projects, SPI currently has two major projects under development:

SPI is developing a project with a site of more than 116,000 square feet located in Malugay Street, Makati City. This project, The Rise, will have a GFA of approximately 1.63 million square feet, comprising 3,044 residential units and approximately 96,000 square feet of commercial space. Sales of The Rise have met with a strong market response, and 90% of the total of 3,044 units had been sold as at 31 December 2018.

SPI also launched another project in 2018, located at Wack Wack Road, Mandaluyong City, with a site area of more than 36,000 square feet. This project, Shang Residences at Wack Wack, will have a GFA of approximately 1.01 million square feet, comprising 425 residential units. Sales of Shang Residences at Wack Wack was launched in September 2018, and 25% of the total of 425 units had been reserved and sold as at 31 December 2018.

Sri Lanka

The Group and SPI have formed a joint venture, Shang Properties (Pvt) Ltd, in Sri Lanka, to develop a mixed-use project strategically located in the heart of Colombo, the country’s commercial capital and largest city. The site is situated on a six-acre parcel of leased land on Sir James Peiris Mawatha overlooking Beira Lake in Colombo. The Group holds an 80% stake, while SPI holds a 20% interest in the joint venture.

The project will be developed in two phases with master planning currently underway. Construction of Phase I, a high-rise residential tower, is expected to be commenced in the second half of 2019. The Phase II development will comprise residential and retail components. The entire project will take eight to nine years to complete.

The development will be complemented by an integrated podium featuring jogging tracks, a clubhouse fully equipped with swimming pools and other facilities, a garden, and car-parking floors.

Overseas Property Portfolio

As at 31 December 2018:	**Group's attributable GFA**
	The Philippines
	('000 square feet)
Investment properties	
Office	406
Commercial	1,308
Apartment	78
Sub-total	**1,792**
Hotel properties	
Hotel	335
Hotel lease	169
Sub-total	**504**
Properties under development	
Residential	1,614
Commercial	56
Sub-total	**1,670**
Properties held for sale	
Residential	7
Sub-total	**7**
Total	**3,973**

OUTLOOK

PRC PROPERTY DIVISION

China is confronted with a host of challenges, including the US-Mainland trade issues, refinancing challenges and uncertainties brought by the fluctuations in the currency. In response to these complex issues ahead, the central government is taking every measure to keep a stable economic performance and to boost the country's resilience.

While difficulties are likely to persist in 2019, the Group maintains a stable long-term outlook for China's overall economy and the real estate industry. The Group foresees greater business momentum further ahead as China works to tackle the economic issues.

The PRC Property Division will continue to adjust its pace of sales and marketing strategy in step with the state's housing policies. Sales and pre-sales of various properties remain on track. Among these, the successful launch of the apartment units in Qianhai highlights the strong demand for premier quality homes in prime locations. The projects in Shenyang, Qinhuangdao and Hangzhou have also continued to meet with robust demand.

The Division has been growing its recurrent income base on the foundation of its portfolio of iconic mixed-use developments in the CBDs of major metropolises, with the addition of Shenyang Kerry Centre during the past year. The rental performance of this investment property portfolio will remain a bright spot in the Group's ongoing results, and will generate a stable stream of income, helping the Group to deliver steady long-term returns.

To sustain growth momentum, the Group will continue to selectively replenish its land bank. During the past year, the Group has acquired new sites in Shenzhen's Qianhai zone and in Wuhan and Fuzhou. In line with the strategy of building mixed-use projects and residential properties in prime locations, the Group will seek land bidding opportunities in the prime locations of key cities and provincial capitals.

The Group is confident that, with a strong brand built on decades of delivering excellence, the Division is well positioned to ride out the current adverse market phenomena. Management will take forward its well thought out business strategies, while addressing the market risks on a continual basis.

HONG KONG PROPERTY DIVISION

The past year saw Hong Kong's exposure to significantly higher geopolitical and global economic volatility, with overall sentiment and trends becoming more or less unpredictable. Local property sector activity remained solid until the third quarter, after which the trade war and macroeconomic uncertainty have weighed more heavily on the market. Against this backdrop, the Group has taken a more prudent approach in managing its business and investments.

The Hong Kong Property Division continues to craft premier residential projects that meet specific demands and are less prone to mass market fluctuations. The Division's prime portfolio of residential projects under development includes two residential projects in Beacon Hill, the first of which is near completion. This development, representing an exclusive collection of exquisite homes in Hong Kong, exemplifies the Group's edge in the higher end of the market. The sales of the remaining units at Mantin Heights and The Bloomsway are also proceeding smoothly.

The segment's performance is well supported by a prime investment asset base. Its Mid-Levels portfolio of premier residences, offices in Island East and Kowloon East, and the MegaBox mall are all recording high occupancies and steady rental rates. The newly added Resiglow in Happy Valley has also achieved full occupancy on strong market demand. This investment property portfolio will contribute continuously to the Group's growing recurrent income base.

The economic environment in the coming year will inevitably be impacted by the ongoing trade tensions and economic conditions in China. In view of heightened volatility, the Group will plan and deploy its financial and talent resources to prudently take forward its business plans.

In addition to residential land, the Group will seek opportunities to acquire commercial and industrial related assets. The Group will also participate actively in government land bids. While maintaining a steady pace of development and adopting a defensive strategy against potential volatility, the Group will cast a proactive eye on opportunities to grow revenue.

The Group believes it is at testing times that opportunities emerge to take well prepared and managed businesses to new levels. During difficult situations it will be the management's sound judgement calls and decisive action that make the Company stand out and thrive. The Group has a long track record of maintaining resilience across market cycles over past decades. We are confident of sustaining a solid performance over the long term in the face of any challenges.

FINANCIAL REVIEW

The Group has centralized funding for all its operations. This policy achieves better control of treasury operations and lower average cost of funds.

The Group closely reviews and monitors its foreign exchange exposure. As at 31 December 2018, total foreign currency borrowings (excluding RMB bank loans) amounted to the equivalence of HK$3,338 million and RMB bank loans amounted to the equivalence of HK$5,568 million. Therefore, non-RMB total foreign currency borrowings and RMB bank loans represented approximately 10% and 17% respectively, of the Group's total borrowings of HK$33,111 million as at 31 December 2018.

The non-RMB total foreign currency borrowings of HK$3,338 million include US$300 million Fixed Rate Bonds (net of direct issue costs) and AUD180 million bank loans. The Group has arranged cross currency swap contracts amounting to US$297 million and AUD180 million to hedge the exchange rate exposure between United States dollars and Hong Kong dollars and between Australian dollars and Hong Kong dollars, respectively.

Out of the Group's total borrowings as at 31 December 2018, HK$8,142 million (representing approximately 25%) was repayable within one year, HK$8,731 million (representing approximately 26%) was repayable in the second year and HK$16,238 million (representing approximately 49%) was repayable in the third to fifth years. The Group continued to maintain most of its borrowings on an unsecured basis, with unsecured debt accounting for approximately 93% of total borrowings as at 31 December 2018. The Group will continue to obtain financing on an unsecured basis whenever possible, and supplement such borrowings with secured project financing as and when the need arises.

As at 31 December 2018, the gearing ratio for the Group was 19.2% (2017: 25.7%), calculated based on net debt of HK$18,727 million and shareholders' equity of HK$97,541 million.

As at 31 December 2018, the Group had outstanding interest rate swap contracts which amounted to HK$1,500 million in total, enabling the Group to hedge its interest rate exposure and to have a more stable interest rate profile.

In terms of the Group's available financial resources as at 31 December 2018, the Group had total undrawn bank loan facilities of HK$12,325 million and cash on hand of HK$14,384 million. In addition, the generation of strong recurrent cashflows from the Group's investment property portfolio and hotel operations provides the Group with a strong financial position, and enables the Group to reap the benefits of investment opportunities as and when they arise.

Details of contingent liabilities and pledge of assets are set out in notes 13 and 14 to the financial statements of the Group included in this announcement.

STAFF

As at 31 December 2018, the Company and its subsidiaries had approximately 8,700 employees. Salaries of employees are maintained at competitive levels while bonuses are granted on a discretionary basis. Other employee benefits include provident fund, insurance, medical cover, subsidised educational and training programmes as well as share option schemes.

SHARE OPTIONS

On 5 May 2011, the shareholders of the Company (the "**Shareholders**") approved the adoption of a new share option scheme (the "**2011 Share Option Scheme**") and the termination of a share option scheme adopted in 2002 (the "**2002 Share Option Scheme**") to the effect that no further share options of the Company (the "**Share Options**") shall be offered under the 2002 Share Option Scheme but the Share Options which had been granted during the life of the 2002 Share Option Scheme should continue to be valid and exercisable.

The 2011 Share Option Scheme is designed to motivate executives and key employees and other persons who may make a contribution to the Group, and enables the Group to attract and retain individuals with experience and ability and to reward them for their contributions.

As at 31 December 2018, a total of 20,706,500 Share Options were outstanding which comprised 205,000 and 20,501,500 Share Options granted under the 2002 Share Option Scheme and the 2011 Share Option Scheme respectively.

CORPORATE GOVERNANCE

During the financial year ended 31 December 2018, the Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited except that Mr. Wong Siu Kong is both the Chairman and the Chief Executive Officer of the Company from 1 January 2018 to 31 January 2018 and from 31 December 2018 onwards. This is a deviation from A.2.1 of the code provisions which requires that the roles of chairman and chief executive should be separated and should not be performed by the same individual. However, the Board believes that the balance of power and authority will not be impaired by such arrangement as the Board comprises experienced and high caliber individuals.

2019 ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Tuesday, 21 May 2019 at 2:30 p.m. (the "**2019 AGM**") at Island Ballroom, Level 5, Island Shangri-La Hotel, Pacific Place, Supreme Court Road, Central, Hong Kong.

CLOSURE OF REGISTERS OF MEMBERS

The registers of members of the Company (the "**Registers of Members**") will be closed from Thursday, 16 May 2019 to Tuesday, 21 May 2019, both days inclusive, for the purpose of determining Shareholders' eligibility to attend and vote at the 2019 AGM and during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the 2019 AGM, all transfers accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 15 May 2019.

The Registers of Members will also be closed on Tuesday, 28 May 2019 for the purpose of determining Shareholders' entitlement to the Final Dividend and no transfer of shares will be effected on that date. In order to qualify for the Final Dividend, all transfers accompanied by the relevant share certificates must be lodged for registration with Tricor Abacus Limited at the above address not later than 4:30 p.m. on Monday, 27 May 2019. The Final Dividend is payable on Thursday, 6 June 2019 to Shareholders whose names appear on the Registers of Members on Tuesday, 28 May 2019.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2018.

By Order of the Board
Wong Siu Kong
Chairman and Chief Executive Officer

Hong Kong, 15 March 2019

As at the date of this announcement, the Directors of the Company are:

Executive Directors:	*Messrs. Wong Siu Kong, Bryan Pallop Gaw and Wong Chi Kong, Louis*
Non-executive Director:	*Mr. Kuok Khoon Hua*
Independent Non-executive Directors:	*Mr. Ku Moon Lun, Ms. Wong Yu Pok, Marina, JP and Mr. Chang Tso Tung, Stephen*