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**WHARF**

*Established 1886*

**THE WHARF (HOLDINGS) LIMITED**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 4)

## **2020 Final Results Announcement**

# **COVID YEAR HIT OPERATIONS**

### **HIGHLIGHTS**

- Washout in the first half was followed by pockets of recovery in the second half
- Full year UNP (underlying net profit) increased by HK\$382 million (14%) to HK\$3,092 million
- Operating businesses (72% of Group UNP) contributed a decrease of HK\$532 million
- Investments & Others (28% of Group UNP) contributed an increase of HK\$914 million
- IP revaluation returned to surplus in the second half
- Group profit increased by 14% to HK\$3,864 million
- Full year dividend increased by 23%

### **GROUP RESULTS**

Group underlying net profit for the year increased by 14% to HK\$3,092 million (2019: HK\$2,710 million), equivalent to HK\$1.01 per share (2019: HK\$0.89 per share).

Group profit attributable to equity shareholders, including Investment Properties (“IP”) revaluation deficit and other items, increased by 14% to HK\$3,864 million (2019: HK\$3,386 million). Basic earnings per share were HK\$1.27 (2019: HK\$1.11).

### **DIVIDENDS**

A first interim dividend of HK\$0.20 per share was paid on 3 September 2020. In lieu of a final dividend, a second interim dividend of HK\$0.20 per share will be paid on 27 April 2021 to Shareholders on record as at 6:00 p.m., 31 March 2021. Total distribution for the year 2020 will amount to HK\$0.40 per share (2019: HK\$0.325 per share).

## **2020 BUSINESS REVIEW**

### **HONG KONG PROPERTIES**

Viewing and sales of luxury properties were affected by the pandemic. Nevertheless, revenue for the year increased to HK\$1,453 million and operating profit to HK\$797 million on an attributable basis with majority of the amount contributed from Mount Nicholson. Activities stepped up since December 2020, including replenishment of land bank on the Peak and a burst of sales and leasing transactions.

#### **New Sites in Mansfield Road, The Peak**

In December 2020, a wholly-owned subsidiary acquired No. 2-8 Mansfield Road, with gross floor area (“GFA”) of 259,000 square feet, for HK\$12 billion in a government tender. Less than 2 months later, a 50%-owned joint venture acquired the adjoining No. 9 and 11 Mansfield Road with GFA of 145,000 square feet for HK\$7.25 billion in a separate government tender. The two sites will be developed into super luxury residential enjoying full view overlooking the lush Island South and the seas beyond.

#### **The Peak Portfolio**

The Mansfield Road acquisitions increased the Group’s land bank on the Peak, a sub-market where track record and experience are a clear differentiator, to nearly 600,000 square feet to represent one of the largest in developers’ hands. In the meantime, development and marketing accelerated.

Mount Nicholson’s unique appeal continues to draw interest, with one apartment sold during the year for HK\$533 million or HK\$116,000 per square foot.

Sale of 77/79 Peak Road, comprising six houses for sale and two houses for lease, commenced in early 2021 on a targeted basis. Three houses have been sold by tender in quick succession for a total of HK\$1.7 billion, with the latest at HK\$558 million or over HK\$92,000 per square foot.

On completion of redevelopment, House 1 of 11 Plantation Road was recently leased by tender at a monthly rent of HK\$1.35 million or HK\$125 per square foot.

#### **Kowloon Tong Residential Project**

Strategically located near the luxury residential area of Beacon Hill, the project has a developable GFA of 436,000 square feet. Approval has been granted to build two blocks of 15-storey and two blocks of 17-storey residential buildings. Foundation work is in progress.

#### **Kowloon East**

Under transformation into the second core business district in Hong Kong, huge potential is to be unlocked with enhanced connectivity and development in the area. The portfolio comprises sites with fantastic harbour view, including Kowloon Godown in Kowloon Bay, a 30%-owned Kai Tak site at the former airport’s runway, and the 15%-owned Yau Tong Bay project. Foundation is in progress for the site at Kai Tak, while redevelopment options are being evaluated for Kowloon Godown, and Yau Tong Bay project is in the planning stage.

## **MAINLAND CHINA INVESTMENT PROPERTIES**

At the height of the Covid scare during the first quarter, malls were closed by government, business hours were shortened and operation of entertainment facilities and restaurants was suspended for extended periods. Economic activities started to recover in the second quarter but bursts of Covid scare still hanged a long shadow over different cities at different times.

Recovery in the second half reversed the negative revenue growth in the first half of 2020. The Group seized the opportunity to launch a series of sales-driven marketing initiatives and expanded the loyal VIP customer base, driving record sales at the Group's flagship malls. For full year 2020, revenue increased by 7% to HK\$4,201 million and operating profit by 11% to HK\$2,573 million.

### **Changsha International Finance Square (“IFS”)**

This landmark at the heart of the capital of Hunan Province in Central China celebrated its second anniversary. In spite of the pandemic, revenue increased by 25% and operating profit by 55%.

#### **Retail**

As a one-stop destination for shopping, dining, entertainment and lifestyle with over 370 brands, the mega mall achieved exceptional sales productivity. Retail sales for the year increased by 42%, led by luxury segment. Overall foot traffic was largely restored and additional sales was generated from extension of business hours during festivals and periodical weekends. Full occupancy was attained.

Adoption of cutting edge technology and investment in service excellence have won recognition from prestigious awards including “2020 China Annual Digitalization Urban Complex” by Boao Real Estate Forum Awards and “2020 CRM Silver Award” by Top Digital Award.

#### **Office and Hotel**

Location and quality quickly established the 452-metre Tower 1 as the top office address for major enterprises and multi-national corporations. Occupancy of IP floors rose from 49% in January to 83% at year-end. Tower 2 is scheduled to complete in phases from the second half of 2022.

Niccolo Changsha offers stunning vistas of the city skyline and Xiang River from the top floors of Tower 1 and delivers unparalleled luxurious experiences for captains of industry and leaders in style. It quickly ramped up as the clear market leader in room yield among peers. Record revenue and operating profit were reported during the second half of 2020 when domestic demand for luxury accommodations soared.

### **Chengdu IFS**

In a challenging year, revenue increased by 6% and operating profit by 12%. Its dominant position in Western China regularly places the Chengdu IFS mall among the Top Ten malls in mainland China for retail sales, often the only one from Western China in the Top Ten.

## **Retail**

Presenting an impressive selection of over 600 premium brands, this one-stop-shop mall situated at the busiest Chun Xi Road experienced strong rebound in the second half of 2020. Full year retail sales increased by 18%.

Bolstered by leadership in brand mix, creative marketing and operational excellence, Chengdu IFS continued to be one of the most sought after malls by brands in the region. In spite of the pandemic, a record high of more than 120 premium brands established presence during the year, including over 70 national, regional or local debut stores. Occupancy stood firm at 97% at year-end. Moreover, a new high of single-day footfall of nearly 300,000 was recorded during the National Day Golden Week.

Throughout 2020, Chengdu IFS accomplished 42 professional awards, including 13 international renowned awards, affirming its outstanding achievements in retail experience, digital innovation and team development. The first outdoor AR exhibition in China “Fun in the AiR” won the “Digital Campaign (Gold Prize)” in 2020 SABRE Awards Asia Pacific and “Retail Industry (Silver Award)” in 2020 Effie Awards Greater China, recognizing the mall’s efforts in leveraging industry-leading approaches of digital empowerment.

## **Office, Hotel and Residences**

The three Grade-A office towers attract top international corporations and Fortune 500 companies to set up their regional headquarters, underpinned by the most coveted location in the city and years of deliberate operations. Rental rate has been among the highest in the city and occupancy was 82% at the end of 2020.

Niccolo Chengdu, opened in 2015 as the first of the very successful Niccolo Hotels, continues to command market leading position, with room yield and occupancy outperforming peers in the competitive set. It enjoyed a significant recovery from pent-up domestic demand and subsequent consumption. Record occupancy was reported in the third quarter.

During the year, IFS residences were recognised as “The Best Family Friendly Serviced Apartment” in the 12th China Best Hotel Awards and garnered three awards in the 17th Beautiful China Golden Olive Awards. High occupancy was also reported with healthy growth seen in domestic market.

## **Shanghai Wheelock Square**

The premium office space at the iconic skyscraper in Puxi remained as preferred choice in a competitive market. The prime location has welcomed multinationals and major corporations. Occupancy has been consistently high at 91% at year-end.

## **MAINLAND CHINA DEVELOPMENT PROPERTIES (“DP”)**

Sales and construction activities started to resume to normal since the second quarter of 2020. Sales regained momentum under the accelerated pace of new launches and solid demand. However, construction and completion schedules were extended due to the substantial suspension in early 2020 as a result of the pandemic.

Inclusive of joint ventures and associates on an attributable basis, revenue recognised during the year increased by 19% to HK\$17,658 million and operating profit by 55% to HK\$7,621 million. Completion of 55%-owned Shanghai One Jingan was the highlight of the year.

Full year attributable contracted sales exceeded target by 16% at RMB 17.4 billion for 4,200 units or 549,000 square metres. Net order book at year-end was RMB 28 billion for 858,000 square metres. The DP land bank as at the end of the year amounted to 2.8 million squares metres.

## **WHARF HOTELS**

Segment revenue decreased by 25% to HK\$396 million and an operating profit of HK\$1 million was reported, as cross-border travel stalled for almost the entire year since the COVID-19 outbreak, which induced a severe recalibration of the hotel industry landscape. Diverse performances were observed across regions. Hotels in the Mainland recovered the soonest amid robust domestic travel, with restaurants and bars gradually resuming normal operations from the second quarter. The operating environment in other regions was challenging due to global border control and therefore a lack of business travellers, conferences and events.

The Group currently manages 16 hotels in mainland China, Hong Kong and the Philippines, including 12 under the foundation brand of Marco Polo Hotels and four contemporary chic hotels under the Niccolo Hotels brand. These hotels comprise over 5,500 rooms in total. Niccolo Suzhou, scheduled to open in April 2021, will be the fifth iconic landmark Niccolo Hotel to enlighten guests with luxurious hospitality and is already being celebrated as the city's Beacon of the Future.

## **LOGISTICS**

Global supply chains were heavily disrupted by the pandemic, and trade tensions further weighed on the sector. Against that backdrop, the Group had a rewarding year, mainly due to strong recovery in the second half. Segment revenue decreased by 1% to HK\$2,566 million and operating profit by 3% to HK\$497 million.

### **Modern Terminals (“MTL”)**

In spite of the economic doom and gloom, Trans-Pacific throughput started to rise in the summer and Asia-Europe throughput followed towards the end of the year. However, competition from within the region was stern. Throughput in Hong Kong was on par with 2019 at 5.0 million TEUs. In Shenzhen, throughput at DaChan Bay Terminals (MTL's stake: 65%) increased by 6% to 1.4 million TEUs, while throughput at Shekou Container Terminals (MTL's stake: 20%) increased by 2% to 5.8 million TEUs. Chiwan Container Terminal (MTL's stake: 8%) recorded a throughput of 2.5 million TEUs.

In Hong Kong, the formation of Hong Kong Seaport Alliance (“HKSPA”) by MTL and three other terminal operators in early 2019 to jointly operate the 23 berths at Kwai Tsing port, has been providing enhanced services to shipping line customers and delivering greater efficiency. HKSPA is on track to strengthen its competitiveness through operational upgrades and continued focus on service delivery.

### **Hong Kong Air Cargo Terminals (“HACTL”)**

In a year when passenger flights were sharply curtailed, 20.8%-owned HACTL benefited from its market share in the freighters segment. Total cargo handled increased by 8% to 1.7 million tonnes to significantly outperform the market.

## **OUTLOOK**

The global economy is generally expected to bounce back from a low base if the vaccine rollout is adequate and effective. However, the pace and strength of recovery are far from certain. Cross border travel may take longer to return to normal and domestic consumption may still hold the key in the near term.

In this regard, China has been the envy of the world and will continue to play the role of an important growth engine. That will directly benefit the Group's Mainland businesses. It may also spill over to our Hong Kong businesses.

In Hong Kong, under favourable market conditions spurred by abundant liquidity and low interest rate, the economy will hopefully start to gather pace to recover later in 2021 once the virus pandemic comes under better control. Interest in luxury residences remains active, while cargo performance will depend on macro environment and regional competition landscape.

2021 may not be as strong as many would like but the worst is likely to be over. The Group will seize opportunities upon the gradual revival of global economic activities ahead.

## FINANCIAL REVIEW

### (I) Review of 2020 Final Results

Despite the severe disruptions caused by the prolonged COVID-19 and impairment provision of HK\$2,864 million made for a Hong Kong Development Property (“DP”), the Group’s underlying net profit increased by 14% to HK\$3,092 million (2019: HK\$2,710 million), reflecting much higher profit contribution from Mainland DP, resilient performance of Investment Properties (“IP”) in Mainland China and increase in investment income. Further attributable accounting IP revaluation deficit of HK\$396 million and Investment revaluation surplus of HK\$1,187 million, the Group recorded profit attributable to shareholders of HK\$3,864 million (2019: HK\$3,386 million), an increase of 14% from last year.

#### Revenue and Operating Profit (“OP”)

Group revenue increased by 24% to HK\$20,997 million (2019: HK\$16,874 million) with Mainland DP, the largest contributor, rising by 59% resulting from increase in phased completion of projects, Mainland IP’s resilient recovery from the disruptions caused by COVID-19 in the second half of the year and higher investment income. OP increased by 41% to HK\$11,104 million (2019: HK\$7,869 million), mostly attributable to Mainland DP among all these favourable factors.

DP owned by subsidiaries revenue and OP grew by 59% and 102%, to HK\$11,222 million (2019: HK\$7,054 million) and HK\$6,471 million (2019: HK\$3,197 million), respectively, achieving a better overall operating margin of 58% (2019: 45%).

IP rebounded in the second half in Mainland and increased its revenue by 7% to HK\$4,363 million (2019: HK\$4,090 million) in spite of rental concessions of over RMB130 million was granted to retail tenants and collapse in turnover rent due to the sharp decline in retail sales in the first quarter of the year. The recovery was notably for Chengdu International Finance Square (“IFS”) and Changsha IFS. OP also grew by 9% to HK\$2,653 million (2019: HK\$2,423 million).

Hotel was hit hard by COVID-19 with revenue decreasing by 25% to HK\$396 million (2019: HK\$530 million) amid low occupancy and depressed room rates. Mainland hotels showed gradual recovery in the latter half of the year and the segment managed to break even (2019: profit of HK\$53 million). Hotel management fees also decreased under the extreme market conditions.

Logistics revenue decreased by 1% to HK\$2,566 million (2019: HK\$2,597 million) mainly resulting from unfavourable terminal throughput mix handled by Modern Terminals Limited (“Modern Terminals”). OP decrease by 3% to HK\$497 million (2019: HK\$513 million).

Investment revenue and OP increased by 68% to HK\$1,108 million (2019: HK\$660 million) mainly from increase in dividends from enlarged investment portfolio.

#### IP Revaluation Deficits

The Group’s IP portfolio was stated at HK\$78.2 billion (2019: HK\$74.8 billion), based on independent valuation as at 31 December 2020, giving rise an attributable net revaluation deficit (after related deferred tax and non-controlling interests) of HK\$396 million (2019:

surplus of HK\$286 million), charged to the consolidated income statement.

#### Other Net Charge

Other net charge was HK\$1,827 million (2019: HK\$2,067 million), which mainly included impairment provision of HK\$2,864 million made for a Hong Kong DP project. This is partly compensated by net fair value gain of HK\$1,187 million (2019: HK\$133 million) on other long term investments classified as financial assets at fair value through profit or loss.

#### Finance Costs

Finance costs decreased by 30% to HK\$780 million (2019: HK\$1,112 million), which included an unrealised mark-to-market gain of HK\$35 million (2019: HK\$50 million) on cross currency and interest rate swaps. The effective borrowing rate fell to 2.9% (2019: 3.6%). Excluding the mark-to-market gain/loss, finance costs before capitalisation decreased by 24% to HK\$1,269 million (2019: HK\$1,679 million).

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

Associates' attributable profit decreased by 49% to HK\$172 million (2019: HK\$336 million) for the year mainly from lower profit contribution from Mainland DP.

Joint ventures' attributable profit increased by 114% to HK\$1,066 million (2019: HK\$498 million) mainly due to higher profit recognised from Hong Kong DP, in particular Mount Nicholson project, and Mainland DP.

#### Income Tax

Taxation charge increased by 58% to HK\$4,743 million (2019: HK\$3,000 million), which included a deferred taxation charge of HK\$198 million (2019: HK\$736 million) provided for current year's revaluation gain attributable to Mainland IP.

Excluding the above deferred taxation, tax charge doubled from last year to HK\$4,545 million (2019: HK\$2,264 million) for higher operating profits from Mainland IP and DP. Included in the tax charge was Land Appreciation Tax, charging on progressive rates, of HK\$2,498 million (2019: HK\$248 million) and the large increase of which was due to higher profit margins achieved for certain Mainland DP projects and subject to higher tax rates.

#### Non-controlling Interests

Group profit attributable to non-controlling interests increased to HK\$920 million (2019: HK\$84 million), reflecting the increase in net profits of certain non-wholly-owned subsidiaries.

#### Profit to Shareholders

Group profit attributable to equity shareholders increased by 14% to HK\$3,864 million (2019: HK\$3,386 million). Basic earnings per share were HK\$1.27, based on weighted average of 3,050 million shares (2019: HK\$1.11 based on 3,048 million shares).

Group underlying net profit (a performance indicator of the Group's major business segments),



mainly excluding the attributable IP revaluation deficit of HK\$396 million and Investment revaluation gain of HK\$1,187 million, increased by 14% to HK\$3,092 million (2019: HK\$2,710 million) from last year. By segment, IP increased by 8% to HK\$1,656 million (2019: HK\$1,536 million), Logistics increased by 18% to HK\$452 million (2019: HK\$382 million) and Investments increased to HK\$900 million (2019: HK\$215 million), but DP decreased by 84% to HK\$134 million (2019: HK\$830 million), combining Mainland DP profit of HK\$2,332 million and Hong Kong DP loss of HK\$2,198 million after the impairment provision of HK\$2,864 million.

## **(II) DP Sales and Net Order Book**

Inclusive of joint venture projects on an attributable basis, total DP contracted sales decreased by 14% to HK\$20,951 million (2019: HK\$24,320 million).

Mainland contracted sales decreased by 13% to RMB17,408 million (2019: RMB19,922 million). Revenue recognised (on attributable basis) increased by 19% to HK\$17,658 million (2019: HK\$14,806 million) and OP by 55% to HK\$7,621 million (2019: HK\$4,927 million). Net order book maintained at RMB27,999 million (2019: RMB27,411 million).

In Hong Kong, one apartment of Mount Nicholson was sold for HK\$533 million (2019: HK\$4,162 million) with 50% attributable to the Group. Attributable sales recognition increased to HK\$1,453 million (2019: HK\$1,180 million), which contributed an OP of HK\$797 million (2019: HK\$669 million). In addition, the retail mall of Peninsula East was sold for HK\$310 million and to be completed in late March 2021.

## **(III) Liquidity, Financial Resources and Capital Commitments**

### Shareholders' and Total Equity

As at 31 December 2020, shareholders' equity increased by 11% to HK\$158.9 billion (2019: HK\$142.9 billion), equivalent to HK\$52.07 (2019: HK\$46.86) per share. In addition to the reporting profit, the increase was also attributable to HK\$7.3 billion surplus arising from investment revaluation and HK\$5.6 billion exchange surplus on translation of RMB net assets following a 6% RMB appreciation as at year end, both of the surpluses were dealt with in reserves.

Total equity including non-controlling interests of HK\$4.6 billion (2019: HK\$3.4 billion) increased by 12% to HK\$163.5 billion (2019: HK\$146.3 billion).

### Assets

Total assets, excluding bank deposits and cash, increased by 10% to HK\$237.4 billion (2019: HK\$214.9 billion). Total business assets, excluding bank deposits and cash, financial and deferred tax assets, increased by 11% to HK\$236.1 billion (2019: HK\$213.6 billion). Properties, Logistics and Investments accounted for 65%, 7%, 28% (2019: 76%/ 7%/ 17%) of the Group total, respectively.

Geographically, Mainland business assets, mainly comprising properties and terminals, amounted to HK\$125.5 billion (2019: HK\$125.3 billion), Hong Kong business assets, mainly properties, amounted to HK\$86.3 billion (2019: HK\$78.9 billion) and Overseas business assets, mainly investments, amounted to HK\$24.3 billion (2019: HK\$9.4 billion), representing 53%, 37% and 10% (2019: 59%/ 37%/ 4%) of the Group total, respectively.

### Investment properties

IP portfolio is stated at valuation of HK\$78.2 billion (2019: HK\$74.8 billion), representing 33% (2019: 35%) of total business assets. This portfolio comprised Mainland IP of HK\$57.0 billion (2019: HK\$54.0 billion) and Hong Kong IP of HK\$21.2 billion (2019: HK\$20.8 billion).

### Properties for sale

DP assets dropped to HK\$42.4 billion (2019: HK\$44.1 billion), comprising Mainland DP of HK\$31.2 billion (2019: HK\$30.6 billion) and Hong Kong DP of HK\$11.2 billion (2019: HK\$13.5 billion) net of HK\$2.9 billion provision for impairment.

### Interests in associates and joint ventures

Interests in associates and joint ventures decreased to HK\$33.1 billion (2019: HK\$43.1 billion) as a result of the dividends received from and decrease in advance to Mainland DP associates and joint ventures.

### Long term investments

Long term investments amounted to HK\$66.9 billion (2019: HK\$36.5 billion), representing 28% of the Group's business assets, including the Group's equity investment in Greentown China Holdings Limited of HK\$6.3 billion and a portfolio of blue chips of HK\$60.6 billion held for long term growth and/or reasonable dividend yield. The portfolio performed overall in line with the relevant markets. None of the investments is individually material to the Group's total assets. Marking these investments to market produced a net surplus of HK\$7.3 billion (2019: HK\$8.1 billion) as reflected in the Other Comprehensive Income Statement within which a total of HK\$1.2 billion was recycled to revenue reserves upon de-recognition. The surplus was mainly derived from listed equity in technology and new economy sector while those invested in property sector performed stably with reasonable dividend return.

The Group's investment portfolio analysed by industry sectors and by geographical locations as below:

	<b>2020</b>	<b>2019</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>
Analysed by industry sectors:		
-Properties	21,695	18,005
-Technology and new economy	35,754	12,408
-Others	9,426	6,118
Total	<u>66,875</u>	<u>36,531</u>
Analysed by geographical locations:		
-Hong Kong	42,479	27,042
-Overseas	24,396	9,489
Total	<u>66,875</u>	<u>36,531</u>

### Deposits from sale of properties

Deposits from sale of properties amounted to HK\$8.1 billion (2019: HK\$11.3 billion) pending for recognition in the coming years.

### Net Debt and Gearing

Net debt as at 31 December 2020 increased by 34% to HK\$25.5 billion (2019: HK\$19.0 billion), mainly resulting from net purchases of long-term investments. It comprised of HK\$16.7 billion in bank deposits and cash and HK\$42.2 billion in debts. It includes Modern Terminals' net debt of HK\$5.3 billion (2019: HK\$5.9 billion), which is non-recourse to the Company and its other subsidiaries. Excluding non-recourse debts, the Group's net debt was HK\$20.2 billion (2019: HK\$13.1 billion). At 31 December 2020, the ratio of net debt to total equity rose to 15.6% (2019: 13.0%). Gearing remained low and the Group will continue to maintain a reasonable level of surplus cash to facilitate business and investment activities.

### Finance and Availability of Facilities

Total available loan facilities and issued debt securities as at 31 December 2020 amounting to HK\$73.5 billion, of which HK\$42.2 billion had been utilised, are analysed as below:

	<b>Available Facility HK\$ Billion</b>	<b>Utilised Facility HK\$ Billion</b>	<b>Un-utilised Facility HK\$ Billion</b>
<u>Company/wholly-owned subsidiaries</u>			
Committed and uncommitted bank facilities	52.8	27.7	25.1
Debt securities	9.0	9.0	-
	<u>61.8</u>	<u>36.7</u>	<u>25.1</u>
<u>Non-wholly-owned subsidiaries</u>			
Committed and uncommitted			
- Modern Terminals	11.7	5.5	6.2
Group total	<u>73.5</u>	<u>42.2</u>	<u>31.3</u>

Of the above debts, HK\$7.9 billion (2019: HK\$7.0 billion) was secured by mortgages over certain IP, DP and other properties, plant and equipment together with carrying value of HK\$26.5 billion (2019: HK\$29.4 billion).

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

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

The Group continued to maintain a strong financial position with ample surplus cash and undrawn committed facilities to facilitate business and investment activities. In addition, the Group also maintained a portfolio of liquid listed investments with an aggregate market value of HK\$60.9 billion (2019: HK\$34.2 billion), which is available for use if necessary.

## Cash Flows for the Group's Operating and Investing Activities

For the year under review, the Group recorded net cash inflow of HK\$10.0 billion (2019: HK\$6.5 billion) before changes in working capital. An increase in dividends received from associates and joint ventures, partly offset by the decrease in working capital of HK\$3.3 billion (2019: increase of HK\$4.1 billion) mainly from decrease in deposits from sale of properties, generated a total net inflow from operating activities of HK\$10.3 billion (2019: HK\$9.3 billion). For investing activities, the Group recorded a net outflow of HK\$14.2 billion (2019: HK\$2.8 billion) mainly for net purchases of other long term investments.

## Major Capital and Development Expenditures

Major expenditures incurred in 2020 are analysed as follows:

	<b>Hong Kong HK\$ Million</b>	<b>Mainland China HK\$ Million</b>	<b>Total HK\$ Million</b>
<b>Properties</b>			
IP	400	69	469
DP	349	6,471	6,820
	749	6,540	7,289
<b>Others</b>	99	130	229
<b>Group total</b>	848	6,670	7,518

- i. IP expenditure was mainly for construction of the Peak Properties.
- ii. DP and IP expenditures included HK\$3.1 billion for property projects undertaken by associates and joint ventures.
- iii. Other expenditure was mainly related to Modern Terminals' terminal equipment.

## Commitment

As at 31 December 2020, major expenditures to be incurred in the coming years was estimated at HK\$27.9 billion, of which HK\$21.5 billion was committed. They are analyzed by segment as below:

	<b>Committed HK\$ Million</b>	<b>Uncommitted HK\$ Million</b>	<b>Total HK\$ Million</b>
<b>IP</b>			
Hong Kong	812	-	812
Mainland China	235	177	412
	<u>1,047</u>	<u>177</u>	<u>1,224</u>
<b>DP</b>			
Hong Kong	12,311	-	12,311
Mainland China	6,509	6,211	12,720
	<u>18,820</u>	<u>6,211</u>	<u>25,031</u>
<b>Others</b>	<u>1,584</u>	<u>42</u>	<u>1,626</u>
<b>Group total</b>	<u>21,451</u>	<u>6,430</u>	<u>27,881</u>

Hong Kong DP commitments included balance of land cost payment HK\$12 billion for No.2-8 Mansfield Road site acquired in December 2020. Other properties commitments included mainly construction cost, inclusive of attributable commitments to associates and joint ventures, to be incurred by stages.

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

## **(IV) Human Resources**

The Group had approximately 7,100 employees as at 31 December 2020, including about 1,200 employed by managed operations. Employees are remunerated according to their job responsibilities and the market pay trend with a discretionary annual performance bonus as variable pay for rewarding individual performance and contributions to the respective group's achievement and results.

**CONSOLIDATED INCOME STATEMENT**  
**For The Year Ended 31 December 2020**

	Note	2020 HK\$ Million	2019 HK\$ Million
<b>Revenue</b>	2	<b>20,997</b>	16,874
Direct costs and operating expenses		(7,379)	(6,548)
Selling and marketing expenses		(687)	(606)
Administrative and corporate expenses		(1,103)	(1,139)
Operating profit before depreciation, amortisation, interest and tax		<b>11,828</b>	8,581
Depreciation and amortisation		(724)	(712)
<b>Operating profit</b>	2 & 3	<b>11,104</b>	7,869
(Decrease)/increase in fair value of investment properties		(208)	946
Other net charge	4	(1,827)	(2,067)
		<b>9,069</b>	6,748
Finance costs	5	(780)	(1,112)
Share of results after tax of:			
Associates		172	336
Joint ventures		1,066	498
Profit before taxation		<b>9,527</b>	6,470
Income tax	6	(4,743)	(3,000)
<b>Profit for the year</b>		<b>4,784</b>	3,470
<b>Profit attributable to:</b>			
Equity shareholders		<b>3,864</b>	3,386
Non-controlling interests		920	84
		<b>4,784</b>	3,470
<b>Earnings per share</b>	7		
Basic		<b>HK\$1.27</b>	HK\$1.11
Diluted		<b>HK\$1.27</b>	HK\$1.11

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For The Year Ended 31 December 2020**

	<b>2020</b>	2019
	<b>HK\$ Million</b>	HK\$ Million
<b>Profit for the year</b>	<u><b>4,784</b></u>	<u>3,470</u>
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Fair value changes on equity investments	<b>7,338</b>	8,116
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange difference on translation of Mainland operations	<b>4,318</b>	(1,817)
Share of other comprehensive income of associates/joint ventures	<b>1,498</b>	(484)
Others	<b>3</b>	-
<b>Other comprehensive income for the year</b>	<u><b>13,157</b></u>	<u>5,815</u>
<b>Total comprehensive income for the year</b>	<u><b>17,941</b></u>	<u>9,285</u>
<b>Total comprehensive income attributable to:</b>		
Equity shareholders	<b>16,782</b>	9,388
Non-controlling interests	<b>1,159</b>	(103)
	<u><b>17,941</b></u>	<u>9,285</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

		31 December 2020	31 December 2019
	Note	HK\$ Million	HK\$ Million
<b>Non-current assets</b>			
Investment properties		78,151	74,811
Property, plant and equipment		13,250	13,056
Interest in associates		16,898	18,718
Interest in joint ventures		16,241	24,367
Other long term investments		66,875	36,531
Goodwill and other intangible assets		298	298
Deferred tax assets		670	752
Derivative financial assets		275	240
Other non-current assets		24	21
		<b>192,682</b>	<b>168,794</b>
<b>Current assets</b>			
Properties for sale		42,396	44,083
Trade and other receivables	9	2,160	1,987
Derivative financial assets		189	62
Bank deposits and cash		16,668	27,292
		<b>61,413</b>	<b>73,424</b>
<b>Total assets</b>		<b>254,095</b>	<b>242,218</b>
<b>Non-current liabilities</b>			
Derivative financial liabilities		(351)	(397)
Deferred tax liabilities		(13,915)	(12,539)
Other non-current liabilities		(30)	(18)
Bank loans and other borrowings		(30,625)	(35,689)
		<b>(44,921)</b>	<b>(48,643)</b>
<b>Current liabilities</b>			
Trade and other payables	10	(21,607)	(22,517)
Deposits from sale of properties		(8,098)	(11,273)
Derivative financial liabilities		(199)	(165)
Taxation payable		(4,245)	(2,630)
Bank loans and other borrowings		(11,549)	(10,647)
		<b>(45,698)</b>	<b>(47,232)</b>
<b>Total liabilities</b>		<b>(90,619)</b>	<b>(95,875)</b>
<b>NET ASSETS</b>		<b>163,476</b>	<b>146,343</b>
<b>Capital and reserves</b>			
Share capital		30,270	30,221
Reserves		128,584	112,653
<b>Shareholders' equity</b>		<b>158,854</b>	<b>142,874</b>
<b>Non-controlling interests</b>		4,622	3,469
<b>TOTAL EQUITY</b>		<b>163,476</b>	<b>146,343</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 1. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION

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

The accounting policies and methods of computation used in the preparation of the financial information are consistent with those used in the annual financial statements for the year ended 31 December 2019 except for the changes mentioned below.

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

- |  |                                |
|--|--------------------------------|
| - Amendments to HKFRS 3                      | Definition of a Business       |
| - Amendments to HKAS 1 and HKAS 8            | Definition of material         |
| - Amendments to HKFRS 9, HKAS 39 and HKFRS 7 | Interest Rate Benchmark Reform |

The Group has assessed the impact of the adoption of the above amendments and considered that there was no significant impact on the Group’s results and financial position or any substantial changes in the Group’s accounting policies.

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

The financial information relating to the two financial years ended 31 December 2020 and 2019 included in this announcement of annual results does not constitute the Company’s statutory annual financial statements for these financial years but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2019 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2020 in due course. The Company’s auditor has reported on those financial statements for both years. The auditor’s reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

## 2. SEGMENT INFORMATION

The Group manages its diversified businesses according to the nature of services and products provided. Management has determined five reportable operating segments for measuring performance and allocating resources. The segments are investment property, development property, hotel, logistics and investments. No operating segments have been aggregated to form the reportable segments.

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

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

Hotel segment includes hotel management in the Asia Pacific region. The Group operates 16 hotels in the Asia Pacific region, four of which are owned by the Group.

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

Investments segment includes a diversified portfolio of listed equity investments in Hong Kong and overseas and unlisted investments, mainly property and technology and new economy companies. The performance of the portfolio is assessed and monitored by top management regularly.

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

Segment business assets principally comprise all tangible assets, intangible assets and current assets directly attributable to each segment with the exception of bank deposits and cash, deferred tax assets and other derivative financial assets.

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

## 2. SEGMENT INFORMATION

### a. Analysis of segment revenue and results

For the year ended 31 December 2020	Revenue	Operating profit/ (loss)	(Decrease)/ increase in fair value of Investment properties	Other net charge	Finance costs	Share of results after tax of associates	Share of results after tax of joint ventures	Profit / (loss) before taxation
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
Investment property	4,363	2,653	(208)	5	(301)	-	59	2,208
Hong Kong	162	80	(35)	-	(33)	-	-	12
Mainland China	4,201	2,573	(173)	5	(268)	-	59	2,196
Development property	11,222	6,471	-	(3,023)	(3)	(85)	1,002	4,362
Hong Kong	-	46	-	(2,864)	-	-	628	(2,190)
Mainland China	11,222	6,425	-	(159)	(3)	(85)	374	6,552
Hotels	396	1	-	-	-	(3)	6	4
Logistics	2,566	497	-	(33)	(144)	260	(1)	579
Terminals	2,556	487	-	8	(144)	132	(1)	482
Others	10	10	-	(41)	-	128	-	97
Investments	1,108	1,108	-	1,187	(201)	-	-	2,094
Segment total	19,655	10,730	(208)	(1,864)	(649)	172	1,066	9,247
Others	1,342	824	-	37	(131)	-	-	730
Corporate expenses	-	(450)	-	-	-	-	-	(450)
Group total	20,997	11,104	(208)	(1,827)	(780)	172	1,066	9,527
For the year ended 31 December 2019								
Investment property	4,090	2,423	946	5	(232)	-	111	3,253
Hong Kong	166	112	165	5	(35)	-	-	247
Mainland China	3,924	2,311	781	-	(197)	-	111	3,006
Development property	7,054	3,197	-	(2,427)	(132)	105	383	1,126
Hong Kong	-	(3)	-	-	(90)	-	563	470
Mainland China	7,054	3,200	-	(2,427)	(42)	105	(180)	656
Hotels	530	53	-	2	-	2	3	60
Logistics	2,597	513	-	(49)	(208)	229	1	486
Terminals	2,584	500	-	(8)	(208)	145	1	430
Others	13	13	-	(41)	-	84	-	56
Investments	660	660	-	133	(413)	-	-	380
Segment total	14,931	6,846	946	(2,336)	(985)	336	498	5,305
Others	1,943	1,507	-	269	(127)	-	-	1,649
Corporate expenses	-	(484)	-	-	-	-	-	(484)
Group total	16,874	7,869	946	(2,067)	(1,112)	336	498	6,470

## 2. SEGMENT INFORMATION

### b. Analysis of inter-segment revenue

	2020			2019		
	Total Revenue HK\$ Million	Inter- segment revenue HK\$ Million	Group Revenue HK\$ Million	Total Revenue HK\$ Million	Inter- segment revenue HK\$ Million	Group Revenue HK\$ Million
Investment property	4,363	-	4,363	4,090	-	4,090
Development property	11,222	-	11,222	7,054	-	7,054
Hotels	396	-	396	530	-	530
Logistics	2,566	-	2,566	2,597	-	2,597
Investments	1,108	-	1,108	660	-	660
Segment total	<u>19,655</u>	-	<u>19,655</u>	14,931	-	14,931
Others	<u>1,342</u>	-	<u>1,342</u>	1,943	-	1,943
Group Total	<u>20,997</u>	-	<u>20,997</u>	16,874	-	16,874

### c. Disaggregation of revenue

	2020 HK\$ Million	2019 HK\$ Million
<b>Revenue recognised under HKFRS 15</b>		
Sale of development properties	11,222	7,054
Management and services income	468	458
Hotels	396	530
Logistics	2,566	2,597
	<u>14,652</u>	<u>10,639</u>
<b>Revenue recognised under other accounting standards</b>		
Rental income under investment property segment		
Fixed	2,602	2,630
Variable	1,293	1,002
Investments	1,108	660
Others	1,342	1,943
	<u>6,345</u>	<u>6,235</u>
Group total	<u>20,997</u>	<u>16,874</u>

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

## 2. SEGMENT INFORMATION

### d. Analysis of segment business assets

	<b>2020</b>	2019
	<b>HK\$</b>	HK\$
	<b>Million</b>	Million
Investment property	<b>79,175</b>	75,592
Hong Kong	<b>21,302</b>	20,885
Mainland China	<b>57,873</b>	54,707
Development property	<b>72,016</b>	83,562
Hong Kong	<b>16,442</b>	24,522
Mainland China	<b>55,574</b>	59,040
Hotels	<b>2,451</b>	2,367
Logistics	<b>15,603</b>	15,578
Terminals	<b>14,825</b>	14,727
Others	<b>778</b>	851
Investments	<b>66,875</b>	36,531
Total segment business assets	<b>236,120</b>	213,630
Unallocated corporate assets	<b>17,975</b>	28,588
Total assets	<b>254,095</b>	242,218

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

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

	<b>2020</b>	2019
	<b>HK\$</b>	HK\$
	<b>Million</b>	Million
Development property	<b>28,607</b>	38,466
Logistics	<b>4,531</b>	4,619
Group total	<b>33,138</b>	43,085

2. SEGMENT INFORMATION  
e. Other segment information

	Capital expenditure		Increase in interests in associates and joint ventures		Depreciation and amortisation	
	2020	2019	2020	2019	2020	2019
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
	Million	Million	Million	Million	Million	Million
Investment property	<b>469</b>	404	-	-	<b>96</b>	101
Hong Kong	<b>400</b>	330	-	-	<b>9</b>	7
Mainland China	<b>69</b>	74	-	-	<b>87</b>	94
Development property	-	-	<b>366</b>	6,415	-	-
Hong Kong	-	-	<b>4</b>	4,791	-	-
Mainland China	-	-	<b>362</b>	1,624	-	-
Hotels	<b>29</b>	-	-	-	<b>90</b>	89
Logistics	<b>200</b>	108	<b>1</b>	-	<b>499</b>	485
Terminals	<b>200</b>	108	<b>1</b>	-	<b>499</b>	485
Others	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Segment total	<b>698</b>	512	<b>367</b>	6,415	<b>685</b>	675
Others	-	-	-	-	<b>39</b>	37
Group total	<b>698</b>	512	<b>367</b>	6,415	<b>724</b>	712

The Group had no significant non-cash expenses other than i) net provision of HK\$2,835 million (2019: HK\$3,643 million) made for certain development projects undertaken by subsidiaries, joint ventures and associates, and ii) depreciation and amortisation.

## 2. SEGMENT INFORMATION

### f. Geographical information

	Revenue		Operating Profit	
	2020	2019	2020	2019
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
Hong Kong	<b>3,615</b>	3,311	<b>1,817</b>	1,457
Mainland China	<b>17,222</b>	13,522	<b>9,131</b>	6,385
Others	<b>160</b>	41	<b>156</b>	27
Group total	<b>20,997</b>	16,874	<b>11,104</b>	7,869

  

	Specified non-current assets		Total business assets	
	2020	2019	2020	2019
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
Hong Kong	<b>32,306</b>	38,112	<b>86,349</b>	78,854
Mainland China	<b>92,532</b>	93,140	<b>125,425</b>	125,334
Others	-	-	<b>24,346</b>	9,442
Group total	<b>124,838</b>	131,252	<b>236,120</b>	213,630

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

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

### 3. OPERATING PROFIT

#### Operating profit is arrived at:

	2020 HK\$ Million	2019 HK\$ Million
<b>After charging:</b>		
Depreciation and amortisation on		
- Hotel and other property, plant and equipment	611	611
- leasehold land	74	64
- right-of-use assets	39	37
Total depreciation and amortisation	<u>724</u>	<u>712</u>
Provision for impairment of trade receivables	5	-
Staff costs (Note a)	1,791	1,908
Auditors' remuneration		
- audit services	16	17
- other services	2	3
Cost of trading properties for recognised sales	4,356	3,673
Direct operating expenses of investment properties	1,710	1,662
Loss on disposal of property, plant and equipment	<u>-</u>	<u>1</u>
<b>After crediting:</b>		
Gross rental revenue from investment properties	4,363	4,090
Rental income under operating leases in respect of owned plant and equipment	9	8
Interest income (Note b)	727	1,457
Dividend income from other long term investments	1,108	660
Government grants (Note c)	75	-
Reversal of impairment of trade receivables	<u>-</u>	<u>2</u>

#### Notes:

- a. Staff costs include contributions to defined contribution pension schemes of HK\$128 million (2019: HK\$198 million), which included equity-settled share-based payment expenses of HK\$3 million (2019: HK\$9 million).
- b. Interest income of HK\$727 million (2019: HK\$1,457 million) was in respect of financial assets, mainly comprising bank deposits, that are stated at amortised cost.
- c. In 2020, the Group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Government of the Hong Kong Special Administrative Region of the People's Republic of China. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees of the concerned business units.



#### 4. OTHER NET CHARGE

Other net charge for the year amounted to HK\$1,827 million (2019: HK\$2,067 million) mainly comprises:

- a. An impairment provision of HK\$2,864 million made for a development property in Hong Kong (2019: HK\$2,420 million for certain development properties in Mainland China).
- b. Net fair value gain of HK\$1,187 million (2019: HK\$133 million) on other long term investments which are classified as financial assets at fair value through profit or loss.
- c. Net exchange loss of HK\$287 million (2019: gain of HK\$162 million) which included a fair value gain on forward foreign exchange contracts of HK\$11 million (2019: loss of HK\$38 million).

#### 5. FINANCE COSTS

	2020 HK\$ Million	2019 HK\$ Million
Interest charged on:		
Bank loans and overdrafts	785	726
Other borrowings	405	855
Lease liabilities	1	2
Total interest charge	<u>1,191</u>	<u>1,583</u>
Other finance costs	78	96
Less: Amount capitalised	<u>(454)</u>	<u>(517)</u>
	815	1,162
Fair value (gain)/loss:		
Cross currency interest rate swaps	28	20
Interest rate swaps	<u>(63)</u>	<u>(70)</u>
	<u>(35)</u>	<u>(50)</u>
Total	<u>780</u>	<u>1,112</u>

## 6. INCOME TAX

Taxation charged to the consolidated income statement includes:

	2020 HK\$ Million	2019 HK\$ Million
<b>Current income tax</b>		
Hong Kong		
- provision for the year	126	168
- (over)/under-provision in respect of prior years	(94)	3
Outside Hong Kong		
- provision for the year	1,516	1,441
- (over)/under-provision in respect of prior years	(65)	47
	<u>1,483</u>	<u>1,659</u>
<b>Land appreciation tax (“LAT”) (Note c)</b>	<b>2,498</b>	248
<b>Deferred tax</b>		
Change in fair value of investment properties	198	736
Origination and reversal of temporary differences	564	357
	<u>762</u>	<u>1,093</u>
Total	<u><b>4,743</b></u>	<u>3,000</u>

- a. The provision for Hong Kong Profits tax is based on the profit for the year as adjusted for tax purposes at a rate of 16.5% (2019: 16.5%).
- b. Income tax on assessable profits outside Hong Kong is mainly corporate income tax and withholding tax in Mainland China, calculated at a rate of 25% (2019: 25%) and up to 10%, respectively.
- c. Under the Provisional Regulations on LAT, all gains arising from transfer of real estate property in Mainland China are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of the land value, being the proceeds on sales of properties less deductible expenditure including cost of land use rights, borrowings costs and all property development expenditure.
- d. Tax attributable to associates and joint ventures for the year ended 31 December 2020 of HK\$726 million (2019: HK\$1,052 million) is included in the share of results of associates and joint ventures.

## 7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders for the year of HK\$3,864 million (2019: HK\$3,386 million) and the weighted average of 3,050 million ordinary shares in issue during the year (2019: 3,048 million ordinary shares).

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders for the year of HK\$3,864 million (2019: HK\$3,386 million) and the weighted average of 3,050 million ordinary shares (2019: 3,049 million ordinary shares) which is the weighted average number of ordinary shares in issue during the year after adjusting for the effect of deemed issue of shares under the Company’s share option scheme.

## 8. DIVIDENDS ATTRIBUTABLE TO EQUITY SHAREHOLDERS

	2020 HK\$ per share	2020 HK\$ Million	2019 HK\$ per share	2019 HK\$ Million
First interim dividend declared and paid	0.20	610	0.250	762
Second interim dividend declared after the end of the reporting period (note b)	0.20	611	0.075	229
Total	0.40	1,221	0.325	991

- a. The second interim dividend based on 3,053 million issued ordinary shares (2019: 3,049 million shares) declared after the end of the reporting period has not been recognised as a liability at the end of the reporting period.
- b. The second interim dividend of HK\$229 million for 2019 was approved and paid in 2020.

## 9. TRADE AND OTHER RECEIVABLES

Included in this item are trade receivables (net of loss allowance for bad and doubtful debts) with an ageing analysis based on the invoice date as at 31 December 2020 as follows:

	2020 HK\$ Million	2019 HK\$ Million
Trade receivables		
0 - 30 days	164	143
31 – 60 days	48	24
61 – 90 days	16	20
Over 90 days	248	112
	476	299
Other receivables and prepayments	1,684	1,688
	2,160	1,987

The Group has established credit policies for each of its core businesses. The general credit terms allowed range from 0 to 60 days, except for sale of properties the proceeds from which are receivable pursuant to the terms of the agreements. All the receivables are expected to be recoverable within one year.

## 10. TRADE AND OTHER PAYABLES

Included in this item are trade payables with an ageing analysis based on the invoice date as at 31 December 2020 as follows:

	<b>2020</b>	2019
	<b>HK\$ Million</b>	HK\$ Million
Trade payables		
0 - 30 days	<b>369</b>	486
31 - 60 days	<b>302</b>	274
61 - 90 days	<b>23</b>	32
Over 90 days	<b>170</b>	72
	<hr/> <b>864</b>	<hr/> 864
Rental and customer deposits	<b>1,362</b>	1,150
Construction costs payable	<b>6,733</b>	7,898
Amount due to associates	<b>7,427</b>	4,869
Amount due to joint ventures	<b>1,761</b>	4,602
Other payables	<b>3,460</b>	3,134
	<hr/> <b>21,607</b>	<hr/> 22,517

## 11. COMPARATIVE FIGURES

Certain comparative figures on segment reporting have been classified to conform to current year's presentation.

## 12. REVIEW OF FINANCIAL RESULTS

The financial results for the year ended 31 December 2020 have been reviewed with no disagreement by the Audit Committee of the Company. The figures in respect of the announcement of the Group's results for the year ended 31 December 2020 have been agreed by the Company's Auditors to the amounts set out in the Group's consolidated financial statements for the year.

## **CORPORATE GOVERNANCE CODE**

During the financial year ended 31 December 2020, all the code provisions set out in the Corporate Governance Code in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited were met by the Company, with one exception as regards Code Provision A.2.1 providing for the roles of the chairman and chief executive to be performed by different individuals.

Such deviation is deemed appropriate as it is considered to be more efficient to have one single person to be Chairman of the Company as well as to discharge the executive functions of a chief executive thereby enabling more effective planning and better execution of long-term strategies. The Board of Directors (the “Board”) of the Company believes that the balance of power and authority is adequately ensured by the operations and governance of the Board which comprises experienced and high calibre individuals, with more than half of them being Independent Non-executive Directors as of the date of this announcement.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the financial year under review.

## **RELEVANT DATES FOR SECOND INTERIM DIVIDEND AND ANNUAL GENERAL MEETING**

### Second Interim Dividend

Ex-entitlement date	30 March 2021 (Tue)
Latest time to lodge share transfer	4:30 p.m., 31 March 2021 (Wed)
Record date/ time	6:00 p.m., 31 March 2021 (Wed)
Payment date	27 April 2021 (Tue)

In order to qualify for the second interim dividend, all transfer, accompanied by the relevant share certificates, must be lodged with the Company’s Share Registrars, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 31 March 2021.

### Annual General Meeting (“AGM”)

Ex-entitlement date	4 May 2021 (Tue)
Latest time to lodge share transfer	4:30 p.m., 5 May 2021 (Wed)
Book closure period	6 May 2021 (Thu) to 11 May 2021 (Tue), both days inclusive
Record date	6 May 2021 (Thu)
AGM date/ time	11:15 a.m., 11 May 2021 (Tue)

In order to be eligible for attending and voting at the AGM, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 5 May 2021.

By Order of the Board  
**The Wharf (Holdings) Limited**  
**Kevin C. Y. Hui**  
*Company Secretary*

Hong Kong, 9 March 2021

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

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