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## MULTIFIELD INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 898)

### ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2019

	<i>Notes</i>	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>REVENUE</b>	3	<b>312,930</b>	55,780
Cost of sales		<b>(50,208)</b>	(47,815)
Gross profit		<b>262,722</b>	7,965
Other income and gains	3	<b>19,268</b>	14,197
Foreign exchange differences, net		<b>(1,709)</b>	(7,136)
Fair value gains on investment properties, net		<b>386,201</b>	1,047,423
Gain on disposal of investment properties		–	9,260
Operating and administrative expenses		<b>(43,380)</b>	(50,969)
Finance costs	5	<b>(49,575)</b>	(42,551)
<b>PROFIT BEFORE TAX</b>	4	<b>573,527</b>	978,189
Income tax credit/(expense)	6	<b>35,163</b>	(114,543)
<b>PROFIT FOR THE YEAR</b>		<b>608,690</b>	863,646
<b>PROFIT FOR THE YEAR</b>			
<b>ATTRIBUTABLE TO:</b>			
Owners of the Company		<b>530,993</b>	732,554
Non-controlling interests		<b>77,697</b>	131,092
		<b>608,690</b>	863,646
<b>EARNINGS PER SHARE ATTRIBUTABLE</b>			
<b>TO ORDINARY EQUITY HOLDERS</b>			
<b>OF THE COMPANY</b>			
Basic and diluted	8	<b>HK12.70 cents</b>	HK17.52 cents

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2019

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>PROFIT FOR THE YEAR</b>	<b>608,690</b>	863,646
<b>OTHER COMPREHENSIVE INCOME</b>		
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent period:</i>		
Exchange differences on translation of foreign operations	<u>(100,528)</u>	<u>(215,728)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b><u>508,162</u></b>	<b><u>647,918</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:</b>		
Owners of the Company	459,223	578,138
Non-controlling interests	<u>48,939</u>	<u>69,780</u>
	<b><u>508,162</u></b>	<b><u>647,918</u></b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

31 December 2019

	<i>Notes</i>	<b>2019</b> <b>HK\$'000</b>	2018 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>205,963</b>	212,971
Investment properties		<b>10,192,796</b>	9,799,130
Right-of-use assets		<b>366</b>	–
Prepaid land lease payments		–	375
Club debenture		<b>670</b>	670
		<hr/>	<hr/>
Total non-current assets		<b>10,399,795</b>	10,013,146
<b>CURRENT ASSETS</b>			
Properties held for sale		<b>281,851</b>	281,851
Trade receivables	9	<b>3,888</b>	3,702
Prepayments, deposits and other receivables		<b>230,732</b>	237,677
Equity investments at fair value through profit or loss		<b>1,043,987</b>	1,240,329
Cash and cash equivalents		<b>538,641</b>	425,600
		<hr/>	<hr/>
Total current assets		<b>2,099,099</b>	2,189,159
		<hr/>	<hr/>
<b>TOTAL ASSETS</b>		<b>12,498,894</b>	12,202,305
<b>CURRENT LIABILITIES</b>			
Trade payables	10	<b>2,039</b>	1,858
Other payables and accruals		<b>166,808</b>	177,134
Deposits received		<b>58,954</b>	56,184
Interest-bearing bank and other borrowings		<b>722,083</b>	1,553,842
Tax payable		<b>53,523</b>	50,784
		<hr/>	<hr/>
Total current liabilities		<b>1,003,407</b>	1,839,802
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>1,095,692</b>	349,357
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>11,495,487</b>	10,362,503
		<hr/>	<hr/>

	<b>2019</b>	2018
<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank and other borrowings	<b>1,110,000</b>	385,000
Amount due to a director	<b>57,092</b>	26,344
Deferred tax liabilities	<b>1,196,699</b>	1,271,190
	<u>2,363,791</u>	<u>1,682,534</u>
<b>Total non-current liabilities</b>	<b>2,363,791</b>	1,682,534
<b>Net assets</b>	<b>9,131,696</b>	8,679,969
	<u>9,131,696</u>	<u>8,679,969</u>
<b>EQUITY</b>		
Equity attributable to owners of the Company		
Issued capital	<b>41,804</b>	41,804
Reserves	<b>7,361,816</b>	6,959,028
	<u>7,403,620</u>	<u>7,000,832</u>
<b>Non-controlling interests</b>	<b>1,728,076</b>	1,679,137
	<u>1,728,076</u>	<u>1,679,137</u>
<b>Total equity</b>	<b>9,131,696</b>	8,679,969
	<u>9,131,696</u>	<u>8,679,969</u>

## NOTES TO FINANCIAL STATEMENTS

### 1.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, 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 disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain financial instruments which have been measured at fair value.

These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

#### **Basis of consolidation**

The consolidated financial statements include the financial statements of Multifield International Holdings Limited (“the Company”) and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income (“OCI”) are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in OCI is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

## 1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i>
HKFRS 16	<i>Leases</i>
Amendments to HKAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements to HKFRSs 2015-2017 Cycle</i>	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

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

## ***HKFRS 16 Leases***

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases* (“HKAS 17”), and the related interpretations.

### *Definition of a lease*

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

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

### *As a lessee*

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application as an adjustment to the opening retained profits and comparative information has not been restated.

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

- i. relied on the assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review; and
- ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application.

	<b>At 1 January 2019 HK\$'000</b>
Operating lease commitments disclosed as at 31 December 2018	60
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 December 2019	(60)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16	—
Lease liabilities as at 1 January 2019	—

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

	<b>Right- of-use assets HK\$'000</b>
Reclassified from prepaid land lease payments ( <i>Note</i> )	375

*Note:*

Upfront payments for leasehold lands in the PRC for own used properties were classified as prepaid lease payments as at 31 December 2018. Upon application of HKFRS 16, the prepaid lease payments amounting to approximately HK\$375,000 were reclassified to right-of-use assets, and are measured under HKFRS 16 at cost less any accumulated depreciation and any impairment losses.

*As a lessor*

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

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



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

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

	Carrying amounts previously reported at 31 December 2018 <i>HK\$'000</i>	Adjustment <i>HK\$'000</i>	<b>Carrying amounts under HKFRS 16 1 January 2019 <i>HK\$'000</i></b>
<b>Non-current assets</b>			
Prepaid land lease payments	375	(375)	–
Right-of-use assets	–	375	375
	<u>          </u>	<u>          </u>	<u>          </u>

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

### 1.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	<i>Definition of a Business</i> <sup>3</sup>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i> <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>4</sup>
HKFRS 17	<i>Insurance contracts</i> <sup>2</sup>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i> <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2020

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>3</sup> Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning for the first annual period beginning on or after 1 January 2020

<sup>4</sup> No mandatory effective date yet determined but available for adoption

The directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

## 2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into three (2018: three) reportable operating segments as follows:

- (a) the property investment segment mainly comprises rental income from investment properties;
- (b) the provision of serviced apartment and property management services segment; and
- (c) the trading and investments segment includes the trading of securities and investment income from securities investment and investment holding.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that unallocated corporate expenses, interest income from bank deposits, fair value gains/losses on investment properties, non-lease-related finance costs and other gains are excluded from such measurement.

Segment assets exclude other unallocated head office and corporate assets.

Segment liabilities exclude interest-bearing bank and other borrowings (other than lease liabilities), amount due to a director, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities are managed as these liabilities on a group basis.

There are no sales or other transactions between the operating segments during the year (2018: Nil).

### Years ended 31 December 2019 and 2018

	Property investment		Provision of serviced apartment and property management services		Trading and investments		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment revenue:</b>								
Revenue from external customers	<u>185,565</u>	<u>187,378</u>	<u>33,679</u>	<u>35,394</u>	<u>93,686</u>	<u>(166,992)</u>	<u>312,930</u>	<u>55,780</u>
<b>Segment results</b>	<u>156,509</u>	<u>143,476</u>	<u>(4,650)</u>	<u>5,139</u>	<u>82,950</u>	<u>(168,899)</u>	<u>234,809</u>	<u>(20,284)</u>
<i>Reconciliation:</i>								
Unallocated corporate expenses							(17,176)	(29,856)
Interest income on bank deposits							3,478	1,681
Fair value gains on investment properties, net	386,201	1,047,423	-	-	-	-	386,201	1,047,423
Gain on disposal of investment properties	-	9,260	-	-	-	-	-	9,260
Other gains							15,790	12,516
Finance costs							<u>(49,575)</u>	<u>(42,551)</u>
Profit before tax							<u>573,527</u>	<u>978,189</u>

	Property investment		Provision of serviced apartment and property management services		Trading and investments		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	10,936,713	10,547,446	46,830	55,937	1,143,806	1,342,083	12,127,349	11,945,466
Unallocated assets							371,545	256,839
Total assets							12,498,894	12,202,305
Segment liabilities	152,787	132,057	28,378	26,329	75	305	181,240	158,691
<i>Reconciliation:</i> Unallocated liabilities							3,185,958	3,363,645
Total liabilities							3,367,198	3,522,336

	Property investment		Provision of serviced apartment and property management services		Trading and investments		Unallocated		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Other segment information:</b>										
Depreciation and amortisation	4,758	5,958	413	598	-	-	27	96	5,198	6,652
Fair value gains on investment properties, net	386,201	1,047,423	-	-	-	-	-	-	386,201	1,047,423
Fair value gains/(losses) on equity investments at fair value through profit or loss, net	-	-	-	-	38,756	(222,625)	-	-	38,756	(222,625)
Capital expenditure*	133,007	56,869	12	53	-	-	7	29	133,026	56,951

\* Capital expenditure consists of additions to property, plant and equipment and investment properties.

## Geographical information

(a)	Hong Kong		Mainland China		Total	
	2019	2018	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	<b>166,463</b>	(97,125)	<b>146,467</b>	152,905	<b>312,930</b>	55,780

The revenue information above is based on the locations of the customers. No single external customer accounted for 10% or more of the total revenue for the years ended 31 December 2019 and 2018.

(b)	Hong Kong		Mainland China		Malaysia		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets	<b>4,029,347</b>	3,646,594	<b>6,243,320</b>	6,365,882	<b>126,458</b>	-	<b>10,399,125</b>	10,012,476

The non-current asset information above is based on the locations of assets and excludes financial instruments.

### 3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2019	2018
	HK\$'000	HK\$'000
<i>Revenue from contracts with customers</i>		
Serviced apartment and property management	<b>33,679</b>	35,394
<i>Revenue from other sources</i>		
Rental income from property letting under fixed lease payments	<b>185,565</b>	187,378
Fair value gains/(losses) on equity investments at fair value through profit or loss, net	<b>38,756</b>	(222,625)
Dividend income from listed investments	<b>54,930</b>	55,633
	<b>312,930</b>	55,780

## Revenue from contracts with customers

### (a) Disaggregation of revenue information

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
By source of revenue:		
<i>Revenue recognised overtime</i>		
Serviced apartment and property management	<u>33,679</u>	<u>35,394</u>
By geographical locations:		
Hong Kong	1,037	1,040
Mainland China	<u>32,642</u>	<u>34,354</u>
	<u>33,679</u>	<u>35,394</u>

### (b) Performance obligations for contracts with customers

Property management services income is recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. Revenue is recognised for these serviced apartment and property management services based on monthly statement issued by the Group's management agent using output method.

Sale of properties is recognised at a point in time when control of the completed properties is delivered to buyers. The Group receives deposit from buyers when they sign the sale and purchase agreement. The deposits received from the contracts prior to meeting the above criteria for revenue recognition are recognised as customer deposits and other deferred revenue under the Group's creditors, deposits and accruals.

## Other income and gains

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Interest income earned on bank balances	3,478	1,681
Gain on disposal of items of property, plant and equipment, net	1,880	(951)
Others	<u>13,910</u>	<u>13,467</u>
	<u>19,268</u>	<u>14,197</u>

#### 4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Cost of services provided	<b>50,208</b>	47,815
Depreciation of property, plant and equipment	<b>5,191</b>	6,644
Depreciation of right-of-use assets (2018: amortisation of prepaid land lease payments)	<b>9</b>	8
Minimum lease payments under operating leases for land and buildings	–	109
Expense relating to short-term leases not included in the measurement of lease liabilities	<b>121</b>	–
Auditors' remuneration – audit services	<b>1,050</b>	1,050
Gain on disposal of investment properties	–	9,260
(Gain)/loss on disposal of property, plant and equipment	<b>(1,880)</b>	951
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	<b>30,398</b>	26,920
Foreign exchange differences, net	<b>1,709</b>	7,136
	<b><u>          </u></b>	<b><u>          </u></b>
Employee benefit expense (including directors' and chief executive's remuneration):		
Salaries, wages and other benefits	<b>25,613</b>	22,808
Pension scheme contributions (defined contribution scheme) ( <i>Note</i> )	<b>3,852</b>	3,863
	<b><u>          </u></b>	<b><u>          </u></b>
Total staff costs	<b>29,465</b>	26,671
	<b><u>          </u></b>	<b><u>          </u></b>

*Note:*

At 31 December 2019, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2018: Nil).

#### 5. FINANCE COSTS

An analysis of finance costs is as follows:

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Interest on bank loans, overdrafts and other loans	<b>49,575</b>	42,551
	<b><u>          </u></b>	<b><u>          </u></b>

## 6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2018/19. The first HK\$2,000,000 (2018: Nil) of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. Taxes on profits assessable in Mainland China have been calculated at the rate of tax prevailing in Mainland China, in which the Group operates.

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	2,518	2,572
Under/(over) provision in prior years	525	(223)
Current – Mainland China		
Charge for the year	11,688	11,530
Deferred tax	<u>(49,894)</u>	<u>100,664</u>
Total tax (credit)/charge for the year	<u><u>(35,163)</u></u>	<u><u>114,543</u></u>

## 7. DIVIDENDS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Interim dividend – HK0.60 cents (2018: HK0.60 cents) per ordinary share	25,082	25,082
Proposed final dividend – HK0.75 cents (2018: HK0.75 cents) per ordinary share	<u>31,353</u>	<u>31,353</u>
	<u><u>56,435</u></u>	<u><u>56,435</u></u>

Subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on 28 May 2020, dividend warrants will be posted on or about 24 June 2020 to shareholders whose names appear on the register of members of the Company on 5 June 2020.



## 8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company of approximately HK\$530,993,000 (2018: HK\$732,554,000) and the weighted average number of ordinary shares of 4,180,371,092 (2018: 4,180,371,092) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2019 and 2018.

## 9. TRADE RECEIVABLES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade receivables	<u>3,888</u>	<u>3,702</u>

Trade receivables mainly consists of receivables from property management services and rental receivables, the tenants are usually required to settle the rental payments on the first day of the rental period, and are required to pay rental deposits with amount ranging from two to three months' rentals in order to secure any default in their rental payments. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Within 1 month	2,100	2,355
1 to 2 months	899	387
2 to 3 months	233	259
Over 3 months	<u>656</u>	<u>701</u>
	<u>3,888</u>	<u>3,702</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	<b>2019</b> <b>HK\$'000</b>	2018 <i>HK\$'000</i>
At beginning of year	–	5,782
Amounts written off	–	(5,782)
	<hr/>	<hr/>
At end of year	<u>–</u>	<u>–</u>

## 10. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>2019</b> <b>HK\$'000</b>	2018 <i>HK\$'000</i>
Within 1 month	<b>1,997</b>	1,816
1 to 2 months	–	–
2 to 3 months	–	–
Over 3 months	<b>42</b>	42
	<hr/>	<hr/>
	<u><b>2,039</b></u>	<u>1,858</u>

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

- (i) from Monday, 25 May 2020 to Thursday, 28 May 2020, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the forthcoming annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 22 May 2020; and
- (ii) from Monday, 8 June 2020 to Wednesday, 10 June 2020, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 5 June 2020.

## **REVIEW OF OPERATION**

During the year under review, the Group recorded a net profit of approximately HK\$609 million (2018: HK\$864 million).

The Group's rental income in Hong Kong recorded an increase of approximately 4% (2018: increase of 5%).

The Group's rental income from hotel-serviced apartments and villas in Shanghai recorded a decrease of approximately 4% (2018: remains stable).

The Group's equity investments recorded fair value gain of approximately HK\$39 million (2018 loss of HK\$223 million). Equity investments recorded dividend income of approximately HK\$55 million (2018: HK\$56 million).

As the fair value gain of investment properties held by the Group is significantly lower (approximately 63%) than that for year 2018, the Group's consolidated profit after tax for the year ended 31 December 2019 is lower (approximately 30%) than that for the corresponding period in year 2018.

## **PROPERTY INVESTMENT**

### **Hong Kong**

The Group's investment properties in Hong Kong mainly comprise of office buildings, industrial buildings, retail shops and car parks. Benefited from increase in property market price in Hong Kong in 2019, the Group's investment properties portfolio contributed stable rental revenue of approximately HK\$72 million in 2019 (2018: HK\$69 million).

The Group's new building at 54 Wong Chuk Hang Road is providing a stable source of income to the Group.

### **Shanghai, China**

The Group's properties portfolio in Shanghai, China is divided into three residential complexes, comprising of around 182 blocks of hotel-serviced villas and 132 hotel-serviced apartments respectively. The properties in Shanghai are operated under the name of "Windsor Renaissance", which is regarded as a symbol of high quality villas and hotel-serviced apartments in Shanghai, and are well recognised by consulates and foreign business entities. The Shanghai properties have an average occupancy rate of approximately 88%, and generates rental and management fee revenue of approximately HK\$146 million in 2019 (2018: HK\$152 million).

## Zhuhai, China

### *Zhuhai Qianshan*

The Group's 36,808 square meters of commercial-use land in Qianshan, Zhuhai, the PRC (the "Qianshan Land") is under relocation progress. In July 2015, a new relocation policy transferred the responsibility of relocation from the Land Department ("國土局") to the Xiangzhou District Government ("香洲區政府"). In support of the Xiangzhou District Government's relocation work, the Group proposed to apportion a part of the Qianshan Land to accommodate the relocation of demolished households and had submitted the relevant written proposal to Xiangzhou District Government, the Land Department and the Town Planning Department ("規劃局") in July 2018. The Town Planning Department supports the Group's proposal in principle. On 11 October 2019, the Xiangzhou District Government organised a meeting with the Group and various government departments including the Land Department and the Town Planning Department, where the town plan of the Qianshan Land proposed by the Group was discussed. The Group is waiting for the feedback from relevant government departments.

### *Zhuhai Doumen*

The Group hold a parcel of exhibition and commercial-use land located in Doumen district, Zhuhai, the PRC (the "Doumen Land"). The Doumen District Government ("斗門區政府") bought back the Doumen Land from the Group due to a change in town planning and had offered a compensation to the Group. However, the land certificate of the Doumen Land was rescinded by the Doumen District Government prior to reaching a consensus on compensation.

The management of the Group questions the legality of the Doumen District Government's actions regarding the change in town planning of the Doumen Land and the unfair process of rescinding the land certificate. The Group have appealed to the Supreme People's Court for retrial in March 2018. The Supreme People's Court issued its judgment on 7 May 2019 to turn down the Group's retrial application. During the hearing, however, the Supreme People's Court found that the Land Department's basis for determining compensation payable to the Group was unreasonable and that the Group have rights to file a separate lawsuit against the Land Department regarding such basis. On 19 March 2019, the Zhuhai Natural Resources Bureau ("珠海市自然資源局", previously known as the Land Department) revoked its original compensation decision which was found unreasonable by the Supreme People's Court.

On 16 October 2019, the Group filed an administrative proceeding with the People's Court of Jinwan District, Zhuhai ("珠海市金灣區人民法院", the "Jinwan People's Court") against relevant government departments for their failure to provide reasonable compensation to the Group in relation to the Doumen Land. Through the written judgement dated 27 December 2019, the Jinwan People's Court held that the Zhuhai Natural Resources Bureau's recovery of the Doumen Land without providing compensation was unlawful. The Zhuhai Natural Resources Bureau was ordered to compensate the Group for its recovery of the Doumen Land within 60 days after the date which the judgment became enforceable (22 January 2020).

As of the date of approval of these consolidated financial statements, the Group have not reached an agreement with the local government on the amount of compensation for the Doumen Land, but it is not expected to cause a material negative impact on the daily operations or trading position of the Group.

## FINANCIAL INVESTMENTS

Worldwide economy and stocks markets were volatile in 2019.

As of 31 December 2019, the Group held approximately HK\$1,044 million (2018: HK\$1,240 million) of highly liquid equity investments, which mainly consisted of blue chips stocks and Exchange Traded Funds listed in Hong Kong. The equity investments were held by the Group for long-term investment purpose and to receive dividend income.

The Group's equity investments recorded a net fair value gain of approximately HK\$39 million (2018: loss of HK\$223 million) when marking the investment portfolios to market valuation as of 31 December 2019, and dividend income of approximately HK\$55 million (2018: HK\$56 million).

The equity investments held by the Group as at 31 December 2019 were as follows:

Stock Code	Company Name	Principal Business	Number of shares held as at 31 December 2019	Percentage of shareholding as at 31 December 2019	Investment cost	Realised	Unrealised	Dividend income	Fair value/ carrying amount as at 31 December 2019	Percentage to the Company's total asset as at 31 December 2019
						Gain on change in fair value for the year ended 31 December 2019	Gain/(Loss) on change in fair value for the year ended 31 December 2019			
			'000	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	%
2800	Tracker Fund of Hong Kong	Collective investment fund, structured as a unit trust established under Hong Kong law, provide investment results that closely correspond to the performance of the Hang Seng Index.	7,850	0.25	196,381	16,097	18,840	15,113	223,333	1.79
5	HSBC Holdings plc	Banking and financial services, manages its products and services through four businesses: Retail Banking and Wealth Management (RBWM), Commercial Banking (CMB), Global Banking and Markets (GB&M), and Global Private Banking (GPB)	5,743	0.03	385,760	-	(22,683)	22,938	349,441	2.79

Stock Code	Company Name	Principal Business	Number of shares held as at 31 December 2019	Percentage of shareholding as at 2019	Investment cost	Realised	Unrealised	Dividend income for the year ended 31 December 2019	Fair value/ carrying amount as at 31 December 2019	Percentage to the Company's total asset as at 31 December 2019
						Gain on change in fair value for the year ended 31 December 2019	Gain/(Loss) on change in fair value for the year ended 31 December 2019			
					HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	%
2828	Hang Seng China Enterprises Index ETF	Sub-fund of the Hang Seng Investment Index Funds Series, a unit trust established as an umbrella fund under the laws of Hong Kong, which aims to match, before expenses, as closely as practicable the performance of the Hang Seng China Enterprises Index.	2,664	1.00	337,354	-	29,304	7,726	302,098	2.42
3988	Bank of China Limited	Banking and financial services, a China-based company principally engage in the provision of banking and related financial services.	29,300	0.04	101,558	-	(1,465)	6,177	97,569	0.78
941	China Mobile Limited	Telecommunication and Services, a China-based company principally engage in telecommunication and related businesses including mobile businesses, wireline Broadband businesses and Internet of Things (IoT) businesses.	340	0.00	31,219	-	(3,349)	992	22,270	0.18
2628	China Life Insurance Company Limited	Life insurance, a China-based company principally engage provides a range of insurance products, including individual and group life insurance, health insurance and accident insurance products.	1,000	0.01	29,741	-	5,010	182	21,650	0.17
857	PetroChina Co. Ltd.	Petroleum and gases, a China-based company principally engage in the production and distribution of oil and gas.	2,378	0.01	24,819	-	(2,307)	448	9,297	0.07
	Other listed securities <sup>#</sup>				56,014	181	(872)	1,354	18,329	0.15
						16,278	22,478	54,930	1,043,987	8.35

# Other listed securities mainly represented the Group's investment in 14 companies whose shares were mainly listed on the Main Board of The Stock Exchange of Hong Kong Limited. The carrying value of each of these investments represented less than 1% of the total assets of the Group as at 31 December 2019.

As at 31 December 2019, the equity investments mainly represented listed securities in Hong Kong. The Board acknowledges that the performance of the equity investments may be affected by worldwide economy, volatility in the Chinese and Hong Kong stock markets, and susceptible to other external factors that may affect their values. In order to mitigate possible financial risk related to the equity investments, the management will closely monitor the performance of respective equity investments and the changes in market condition. The Company will adjust the Company's portfolio of investments as the Board considers appropriate.

## **ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES**

The Group did not make any material acquisition or disposal of subsidiaries and associated companies during the year ended 31 December 2019.

## **FOREIGN CURRENCY EXPOSURE**

The Group's monetary assets, liabilities and transactions are mainly denominated in Renminbi, Hong Kong dollar and the United States dollar. The Group is exposed to foreign exchange risk with respect mainly to Renminbi which may affect the Group's performance. The management is aware of the possible exchange rate exposure due to the continuing fluctuation of Renminbi and will closely monitor its impact on the performance of the Group and when appropriate hedge its currency risk.

As of 31 December 2019, the Group has not entered into any financial instrument for foreign currency hedging purpose.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group generally finances its operations with internally generated cash flows and banking facilities provided by principal bankers in Hong Kong. In order to preserve liquidity and enhance interest yields, liquid assets were maintained in the form of highly liquid equity investments of approximately HK\$1,044 million (2018: HK\$1,240 million) as of 31 December 2019. The Group's cash and cash equivalents as of 31 December 2019 amounted to approximately HK\$539 million (2018: HK\$426 million).

As of 31 December 2019, the Group had total bank and other borrowings amounting to approximately HK\$1,832 million (2018: HK\$1,939 million), which were secured by legal charges on the Group's certain investment properties in Hong Kong and Shanghai, and certain equity investments. The Group's bank borrowings were mainly arranged on a floating rate basis. The maturity of bank and other borrowings of the Group as at 31 December 2019, ignoring the effect of any repayment on-demand clause, was as follows:

	<i>HK\$'000</i>
Within one year	722,083
In the second year	810,000
In the third to fifth years, inclusive	<u>300,000</u>
 Total	 <u><u>1,832,083</u></u>

With the total bank and other borrowings of approximately HK\$1,832 million (2018: HK\$1,939 million) and the aggregate of the shareholder funds, non-controlling interests and total bank borrowings of approximately HK\$10,964 million (2018: HK\$10,619 million), the Group's gearing ratio as at 31 December 2019 was around 17% (2018: 18%).

## **CONTINGENT LIABILITY**

As of 31 December 2019, the Group had no material contingent liability.

## **COMMITMENTS**

As at 31 December 2019, the Group had committed payment for the construction and land development expenditure amounting to approximately HK\$43 million (2018: HK\$43 million).

## **EVENTS AFTER THE REPORTING PERIOD**

Following the outbreak of the novel coronavirus (COVID-19) in early 2020, the global stock markets (including Hong Kong stock market) have fallen sharply due to the pessimistic sentiments of investors about the adverse impact brought by the pandemic on the global economy. The board of directors expects that the COVID-19 pandemic will inevitably bring negative effect on the Group's business. However, due to the dynamic nature of the COVID-19 pandemic, it is difficult for the board of directors to estimate the extent of its impact on the Group's business and financial position in 2020. The board of directors is closely monitoring the development of, and the disruptions to the global economy caused by, the COVID-19 pandemic and will timely assess and react actively to its impact on the operation and financial performance of the Group. The Group will issue announcements to make relevant disclosures as and when appropriate and necessary.



## **EMPLOYEES AND REMUNERATION POLICY**

As of 31 December 2019, the Group had approximately 220 employees in Shanghai, Zhuhai and Hong Kong. During the year, the staff costs (including directors' emoluments) amounted to approximately HK\$29 million (2018: HK\$27 million).

The objective of the Group's remuneration policy is to maintain fair and competitive packages based on business requirements and industry practice. In order to determine the level of remuneration paid to its employees (including directors and senior management), their performance, experience and the prevailing market condition are mainly considered. In addition to salaries, provident fund scheme, discretionary bonuses and tuition/training subsidies are available to employees. Level of remuneration is reviewed annually. During the review process, no individual director is involved in decisions relating to his own remuneration.

## **PROSPECT**

The local social incidents since June 2019 have caused a decrease in market demand for local industrial and commercial properties and shops, resulting in an increase in vacancy rates and downward pressure on rent. Entering 2020, the novel coronavirus outbreak around the world has caused another shock to Hong Kong's externally oriented economy. In view of continuing deterioration in tenant affordability, the Group is not optimistic about the performance of its investment property portfolio and rental income for the first half of 2020.

The tension in Sino-U.S. trade relations has eased since the two countries signed the first-phase trade agreement in January this year. However, since a final trade agreement between China and the U.S. has not been reached, significant uncertainties still exist with regard to the subsequent trade negotiations between the two countries. Furthermore, investors become pessimistic about the global economic outlook because of the worldwide spread of the novel coronavirus, causing fluctuations in global financial markets. The Group's equity investment portfolio will inevitably be adversely affected by the above factors in the coming year.

The global economic environment has changed dramatically during the first three months of 2020 due to the novel coronavirus epidemic. Governments have been actively implementing measures to control the spread of the virus and to reduce the risk of economic recession. Accordingly, it is estimated that the economy of Hong Kong and the Mainland China may regain growth momentum and that market demand for local industrial and commercial properties and shops may begin to recover gradually once the epidemic is under control. On the other hand, the performance of the Group's residential property rental business had been stable in the past. The impact of the epidemic on revenue of this segment is relatively small up until this moment. However, as the situation around the outbreak of the virus is changing all the time, the epidemic could have a material impact on the Group's overall results for the year.

The Group will continue to operate its business prudently and to maintain a sound financial position. The Group will also cautiously explore opportunities and expand its investment portfolio with a view to increasing profitability and shareholder return.

## **CORPORATE GOVERNANCE CODE**

In the opinion of the directors of the Company (the “Director(s)”), the Company has applied the principals and complied with code provisions of the Corporate Governance Code and Corporate Governance Report (the “Code”) as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2019, save as disclosed below.

Under code provisions A.4.1 and A.4.2, (i) non-executive directors should be appointed for a specific term, subject to re-election; and (ii) all directors appointed to fill a causal vacancy should be subject to election by shareholders at the first general meeting after appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Non-executive directors do not have a specific term of appointment and under the bye-laws of the Company, at each general meeting, one-third of the directors for the time being, or if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office by rotation save any director holding office as chairman and managing director. The Company intends to propose any amendment of relevant bye-laws of the Company, if necessary, in order to ensure compliance with the Code.

## **AUDIT COMMITTEE**

The Company has established an audit committee in compliance with Rule 3.21 of the Listing Rules. The audit committee’s terms of reference includes those specific duties as set out in the code provision C.3.3 of the Code.

As of the date of this announcement, the audit committee comprises three independent non-executive Directors, namely, Mr. Lee Siu Man, Ervin, Mr. Wong Yim Sum and Mr. Tsui Ka Wah. The chairman of the audit committee, Mr. Wong Yim Sum, has extensive experience in the finance and auditing fields.

## **SCOPE OF WORK OF AUDITORS**

The financial figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in this announcement have been agreed by the Group’s auditors, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on this announcement.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Based on specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard set out in the Model Code for the year ended 31 December 2019.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of listed securities of the Company during the year.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

The annual results announcement of the Company is published on the websites of the Company ([www.irasia.com/listco/hk/multifield/index.htm](http://www.irasia.com/listco/hk/multifield/index.htm)) and Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)). The annual report of the Company for 2019 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and made available on the above websites in due course.

## **BOARD OF DIRECTORS**

As of the date of this announcement, the executive Directors are Mr. Lau Chi Yung, Kenneth and Mr. Lau Michael Kei Chi and the independent non-executive Directors are Mr. Lee Siu Man, Ervin, Mr. Wong Yim Sum and Mr. Tsui Ka Wah.

By Order of the Board  
**Lau Chi Yung, Kenneth**  
*Chairman*

Hong Kong, 26 March 2020