

Consolidated Statement of Profit or Loss

For the year ended 31st December 2018

	Note	2018 HK\$M	2017 HK\$M
Revenue	4	84,606	80,289
Cost of sales		(53,739)	(51,991)
Gross profit		30,867	28,298
Distribution costs		(14,086)	(11,684)
Administrative expenses		(6,331)	(6,027)
Other operating expenses		(398)	(299)
Other net gains	5	1,458	245
Change in fair value of investment properties		19,378	25,331
Operating profit		30,888	35,864
Finance charges		(2,525)	(2,399)
Finance income		201	160
Net finance charges	9	(2,324)	(2,239)
Share of profits less losses of joint venture companies	19(a)	2,458	2,209
Share of profits less losses of associated companies	19(b)	1,324	(328)
Profit before taxation		32,346	35,506
Taxation	10	(2,926)	(3,124)
Profit for the year		29,420	32,382
Profit for the year attributable to:			
The Company's shareholders	34	23,629	26,070
Non-controlling interests	35	5,791	6,312
		29,420	32,382
Underlying profit attributable to the Company's shareholders	11	8,523	4,742
		HK\$	HK\$
Earnings per share from profit attributable to the Company's shareholders (basic and diluted)	13		
'A' share		15.74	17.34
'B' share		3.15	3.47

Consolidated Statement of Other Comprehensive Income

For the year ended 31st December 2018

	2018 HK\$M	2017 HK\$M
Profit for the year	29,420	32,382
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Revaluation of property previously occupied by the Group		
gains recognised during the year	19	125
deferred tax	(1)	(3)
Defined benefit plans		
remeasurement losses recognised during the year	(204)	(17)
deferred tax	38	(29)
Changes in the fair value of equity investments at fair value through other comprehensive income	(135)	–
Share of other comprehensive income of joint venture and associated companies	(120)	353
	(403)	429
Items that can be reclassified subsequently to profit or loss		
Cash flow hedges		
losses recognised during the year	(139)	(349)
transferred to net finance charges	(77)	(74)
transferred to operating profit	(14)	(88)
deferred tax	36	88
Net fair value changes on available-for-sale assets		
gains recognised during the year	–	69
transferred to profit or loss on disposal	–	(1)
Share of other comprehensive income of joint venture and associated companies	(540)	3,666
Net translation differences on foreign operations		
(losses)/gains recognised during the year	(2,081)	3,051
reclassified to profit or loss on disposal	35	6
	(2,780)	6,368
Other comprehensive income for the year, net of tax	(3,183)	6,797
Total comprehensive income for the year	26,237	39,179
Total comprehensive income attributable to:		
The Company's shareholders	20,973	32,218
Non-controlling interests	5,264	6,961
	26,237	39,179

Consolidated Statement of Financial Position

At 31st December 2018

	Note	2018 HK\$M	2017 HK\$M
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	39,644	45,619
Investment properties	15	271,515	265,944
Leasehold land and land use rights	16	1,415	1,663
Intangible assets	17	12,918	13,486
Properties held for development	23	1,360	1,342
Joint venture companies	19(a)	18,870	14,858
Loans due from joint venture companies	19(a)	15,470	14,591
Associated companies	19(b)	31,533	30,243
Loans due from associated companies	19(b)	167	161
Equity investments at fair value through other comprehensive income	21(a)	244	–
Available-for-sale assets	21(b)	–	375
Other receivables	25	67	50
Derivative financial instruments	22	80	174
Deferred tax assets	30	454	603
Retirement benefit assets	31	89	93
		393,826	389,202
Current assets			
Properties under development and for sale	23	1,469	2,300
Stocks and work in progress	24	5,242	6,229
Contract assets		1,176	–
Trade and other receivables	25	9,945	10,979
Derivative financial instruments	22	109	55
Bank balances and short-term deposits	26	9,112	6,072
Other current assets	32	–	6,262
		27,053	31,897
Assets classified as held for sale	27	15,526	–
		42,579	31,897
Current liabilities			
Trade and other payables	28	25,102	22,439
Contract liabilities		438	–
Taxation payable		636	624
Derivative financial instruments	22	28	11
Short-term loans	29	3,227	671
Long-term loans and bonds due within one year	29	8,301	8,741
		37,732	32,486
Liabilities directly associated with assets classified as held for sale	27	207	–
		37,939	32,486
Net current assets/(liabilities)		4,640	(589)
Total assets less current liabilities		398,466	388,613
Non-current liabilities			
Long-term loans and bonds	29	60,251	69,174
Derivative financial instruments	22	170	89
Other payables	28	1,679	2,343
Deferred tax liabilities	30	10,034	9,881
Retirement benefit liabilities	31	1,217	1,032
		73,351	82,519
NET ASSETS		325,115	306,094
EQUITY			
Share capital	33	1,294	1,294
Reserves	34	269,130	251,869
Equity attributable to the Company's shareholders		270,424	253,163
Non-controlling interests	35	54,691	52,931
TOTAL EQUITY		325,115	306,094

Merlin Swire
Michelle Low
Paul Kenneth Etchells

Directors

Hong Kong, 14th March 2019

The notes on pages 129 to 219 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31st December 2018

	Note	2018 HK\$M	2017 HK\$M
Operating activities			
Cash generated from operations	42(a)	18,328	19,605
Interest paid		(2,629)	(2,553)
Interest received		201	163
Tax paid		(2,180)	(2,172)
		13,720	15,043
Dividends received from joint venture and associated companies (2017: including available-for-sale assets)		1,716	557
Net cash generated from operating activities		15,436	15,600
Investing activities			
Purchase of property, plant and equipment	42(b)	(4,103)	(3,777)
Additions of investment properties		(3,917)	(5,179)
Additions of other current assets		(88)	(623)
Additions of assets classified as held for sale		(364)	–
Purchase of intangible assets		(126)	(103)
Proceeds from disposals of property, plant and equipment		450	263
Proceeds from disposals of investment properties		350	40
Proceeds from disposals of subsidiary companies, net of cash disposed of	42(d)	9,584	614
Proceeds from disposals of joint venture companies		3,594	–
Proceeds from disposals of available-for-sale assets		–	71
Purchase of shares in new subsidiary companies		(14)	(4,163)
Purchase of shares in joint venture companies		(1,670)	(1,046)
Purchase of new businesses		–	(2,347)
Adjustment for previous year's purchase of new businesses		187	–
Purchase of equity investments at fair value through other comprehensive income		(4)	–
Purchase of available-for-sale assets		–	(11)
Loans to joint venture companies		(1,635)	(1,535)
Loans to associated companies		(176)	(87)
Repayment of loans by joint venture companies		363	128
Repayment of loan by associated companies		2	115
Decrease/(increase) in deposits maturing after more than three months		110	(85)
Initial leasing costs incurred		(60)	(24)
Net cash generated from/(used in) investing activities		2,483	(17,749)
Net cash inflow/(outflow) before financing activities		17,919	(2,149)
Financing activities			
Loans drawn and refinancing		10,624	20,312
Repayment of loans and bonds		(17,571)	(13,049)
Repurchase of the Company's shares	42(c)	(6,947)	7,263
Purchase of shares in existing subsidiary companies	33	(21)	(153)
Dividends paid to the Company's shareholders	34	(3,018)	(1,384)
Dividends paid to non-controlling interests	42(c)	(3,454)	(3,158)
		(1,128)	(1,177)
Net cash (used in)/generated from financing activities		(14,568)	1,391
Increase/(decrease) in cash and cash equivalents		3,351	(758)
Cash and cash equivalents at 1st January		5,951	6,450
Currency adjustment		(200)	259
Cash and cash equivalents at 31st December		9,102	5,951
Represented by:			
Bank balances and short-term deposits maturing within three months	26	9,102	5,951

Consolidated Statement of Changes in Equity

For the year ended 31st December 2018

Note	Attributable to the Company's shareholders				Non-controlling interests HK\$M	Total equity HK\$M
	Share capital HK\$M	Revenue reserve HK\$M	Other reserves HK\$M	Total HK\$M		
At 1st January 2018						
as originally stated	1,294	246,881	4,988	253,163	52,931	306,094
adjustment on adoption of HKFRS 9	–	326	(326)	–	–	–
adjustment on adoption of HKFRS 15	–	331	–	331	32	363
as restated	1,294	247,538	4,662	253,494	52,963	306,457
Profit for the year	–	23,629	–	23,629	5,791	29,420
Other comprehensive income	–	(282)	(2,374)	(2,656)	(527)	(3,183)
Total comprehensive income for the year	–	23,347	(2,374)	20,973	5,264	26,237
Dividends paid	–	(3,454)	–	(3,454)	(1,128)	(4,582)
Repurchase of the Company's shares	33	(9)	–	(9)	–	(9)
Capital contribution from non-controlling interests accrued	–	–	–	–	8	8
Acquisition of non-controlling interests	–	(580)	–	(580)	(2,438)	(3,018)
Change in composition of the Group	–	–	–	–	22	22
At 31st December 2018	1,294	266,842	2,288	270,424	54,691	325,115

Note	Attributable to the Company's shareholders				Non-controlling interests HK\$M	Total equity HK\$M
	Share capital HK\$M	Revenue reserve HK\$M	Other reserves HK\$M	Total HK\$M		
At 1st January 2017	1,294	224,464	(879)	224,879	47,289	272,168
Profit for the year	–	26,070	–	26,070	6,312	32,382
Other comprehensive income	–	281	5,867	6,148	649	6,797
Total comprehensive income for the year	–	26,351	5,867	32,218	6,961	39,179
Dividends paid	–	(3,158)	–	(3,158)	(1,152)	(4,310)
Repurchase of the Company's shares	33	(165)	–	(165)	–	(165)
Capital contribution from non-controlling interests accrued	–	–	–	–	241	241
Acquisition of non-controlling interests	–	(611)	–	(611)	(774)	(1,385)
Change in composition of the Group	–	–	–	–	366	366
At 31st December 2017	1,294	246,881	4,988	253,163	52,931	306,094