GLP China Holdings Limited

GLP China Holdings Limited

Annual Report
For the year ended 31 December 2019

Directors' Report

The directors submit herewith their annual report together with the audited consolidated financial statements for the year ended 31 December 2019.

Principal place of business

GLP China Holdings Limited ("the Company") is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 33/F, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong.

Principal activities

The principal activity of the Company is investment holding. The principle activities of the Company and its subsidiaries ("the Group") are investment holding, provision of logistic facilities and related financial services. Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the Business Review set out on pages 3 to 7 of this Annual Report. This discussion forms part of this directors' report.

Financial statements

The profit of the Group for the year ended 31 December 2019 and the state of the Company's affairs as at that date are set out in the financial statements on pages 11 to 105.

Transfers to reserves

Profits attributable to owners of US$811,257,000 (2018: US$1,533,709,000) has been transferred to reserves. Other movements in reserves are set out in the statement of changes in equity.

Share capital

Details of the movements in share capital of the Company are set out in note 24(b) to the financial statements.

Directors

The directors during the financial year were:

Mei, Ming Zhi	(appointed on 6 June 2014)
Higashi Michihiro	(appointed on 6 June 2014)
Zhuge Wenjing	(appointed on 6 June 2014)
Fang Fenglei	(appointed on 6 June 2014)
Chen Yi	(appointed on 6 June 2014)
MOK Chi Ming	(appointed on 1 November 2016)
Chau Kwok Man	(appointed on 30 April 2017)
Mark Tan	(appointed on 15 May 2018)

There being no provision in the Company's articles of association in connection with the retirement of directors, all existing directors continue in office for the following year.

Indemnity of directors

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the Company is currently in force and was in force throughout this year.

Directors' interests in transactions, arrangements or contracts

No transaction, arrangement or contract of significance to which the company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a director of the company had a material interest, subsisted at the end of the year or at any time during the year.

Auditors

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

Director

Director

30 APR 2020

Business Review

GLP China Holdings Limited ("GLP China") is a leading global investment manager and business builder in logistics, real estate, infrastructure, finance and related technologies. Our US$21 billion properties encompass 46 million sqm site area across China with completed and planned gross floor area ("GFA") of 32 million sqm in total. The scale and breadth of our platform generates a powerful network effect which leads a good visibility on demand, faster lease-up and strong customer retention. Our customers include some of the world's most famous retailers, third-party logistic companies and dynamic manufacturers. Domestic consumption is a key driver of demand for us.

We are focused on sustainable value creation through our logistics ecosystem. Our innovative use of technology and strategic investments create value for our investors, partners and customers as they navigate a rapidly changing business landscape.

Our growth strategy is centered on being the best operator, creating value through developments and expanding our footprint via fund management platform. Our scale and innovation differentiate us from our competitors.

Market overview

The domestic growing logistics markets provides us attractive opportunities for growth and strengthening of market position, allows us to derive positive and stable cash flows and recurring sources of capital for expansion.

- Strong growth in gross domestic product ("GDP") and disposable income translates into strong demand for logistics and warehousing facilities: With a large and growing middle-income population, China is becoming one of the world's largest consumer markets. Our portfolio comprises over three hundreds logistic parks in 43 major cities and logistic hub markets in China, covering all major airports, seaports, highway networks and logistic hubs with plans for further expansion.

- Limited supply of logistics and warehousing facilities, in particular modern logistics and warehousing facilities in China: We believe that the current supply of logistics and warehousing facilities in China is still insufficient, in terms of both quantity and quality, to address the strong demand, in particular as the current supply of logistics and warehousing facilities in terms of GFA per capita in the United States and in Japan are currently approximately 13 times and 10 times that of in China, respectively.

- Growth of e-commerce in China: Internet/mail order sales have grown significantly as more and more consumers shop online. The e-commerce industry, a portion of which we serves, has grown significantly since year 2010. We expect the rapid growth in e-commerce in China to continue and accordingly drive demand for modern logistics and warehousing facilities and increase the focus on last-mile deliveries.

Key business highlights

– Operations

GLP China owns and manages a portfolio of 46 million sqm site area across China with completed and planned GFA of 32 million sqm in total, valued at US$21 billion as at 31 December 2019. Our portfolio contains completed and stablised properties valued at US$14 billion, representing over 70% of total portfolio, shows a high lease rate of 87% and a high occupancy ratio for of 85% as at 31 December 2019. Rental and related income has reached US$852 million for the year ended 31 December 2019, compared to US$832 million for the calendar year from 1 January to 31 December 2018 (hereinafter referred to as the "prior year"), which is not in line with financial year from 1 April to 31 December 2018 for comparative purpose, still shown a slight increase despite the adverse impact driven from depreciation of Renminbi ("RMB") against United States Dollars ("USD") as well as decreased portfolio relating to transfer of project companies into funds during the year. Besides, our net increase in leased area reached 1.15 million sqm and we are keeping steady rental rate increase over the whole period.

Being a leading provider of modern logistics and warehousing facilities in China offers us cost efficiencies in terms of negotiating contraction contracts and facility management contracts, and optimizing personal resources and information systems. Besides, we are pioneering the creation of a comprehensive logistics ecosystem for the future by utilising the latest technology and big data to provide solutions to its customers through the use of automation and robotics, data analytics, software solutions and site selection tools, this approach leverages technology and data, takes into account critical details of the supply chain and offers both space and technology-led solutions that drive value for our customers.

– Development

The development of modern logistics facilities is one of our key engines of growth with development profit a regular and recurring part of our earnings stream. In the current year we completed US$1,268 million developments or 2.4 million GFA constructions, showing an overall 29% development margin, and achieved an overall stabilisation margin of 50%, showing increase of 6% compared to the prior period.

In China, land supply in key markets has continued to tighten. In recent years, it has been extremely difficult to acquire logistics land from the government but we have been well-placed given our local strategic relationships. Our strategy is to pursue scarce land resources in cities through strategic partnerships with SOEs and private sellers.

– Fund management

Our fund management business offers a fund management platform based on our longstanding relationships with numerous global institutional investors and our senior management's extensive years of experience in private capital management. As at 31 December 2019, we managed four third-party pooled investment vehicles: CLF Fund I, LP ("CLF I"), CLF Fund II, LP ("CLF II"), GLP China Value-Added Venture I ("CVA I") and GLP China Value-Added Venture II ("CVA II"), representing in aggregate US$15 billion assets under management ("AUM") when fully leveraged and invested.

Specifically, since the establishment of CVA I fund in year 2018, which is our first largest China value-add fund which engages in acquisition and management of completed logistics and industrial assets in China, this fund's AUM has increased by US$648 million in the current year.

We have also closed initial funding period of Hidden Hill Logistics Private Equity Fund ("Hidden Hill") which was established in prior year and the total equity funding scale is determined to be US$1,204 million in all and we expect its AUM to increase sharply in the near future.

We also established a new fund with a group of leading domestic institutional investors to invest in stabilised, income-generating modern logistics assets in China during the current year. The amount of investment portfolio is targeted to be RMB 15 billion. The establishment of GLP China Income Fund I ("CIF I") is consistent with our strategy to establish new funds and increase our capital recycling initiatives.

Financial review

Rental and related income increased by 2% to US$852 million during the current year as compared to US$832 million during the prior year, primarily attributable to rental growth and lease-up following the completion and stabilisation of development projects, but partially offset by depreciation of RMB against USD and transfer of project companies to non-consolidated CVA I fund during the current year. Besides, our revenue from fund management has increased significantly compared to the prior year, showing US$53 million and 250% increase respectively.

Property-related expenses increased by 10% compared to the prior year, mainly increase in property maintenance and repair and property tax contributed by increased property portfolio, as well as additional costs incurred on newly established solar energy business and internet data center business which are both during initial business development stages. Other expenses increased by 27% to US$175 million during the current year compared to US$138 million during the prior year, primarily due to increased staff related expenses, legal and profession fees, office expenses occurred on Shanghai headquarter new office decoration and old office relocation, financial services bad debts provision and depreciation.

Changes in fair value of investment properties decreased significantly from US$3,621 million during the current year compared to US$1,082 million during the prior year, mainly due to adjustment on compression of cap rate and discount during the prior year which causes significant fair value gain on investment properties.

Changes in fair value of financial assets increased significantly from US$39 million to US$153 million since adoption of new accounting standards on financial instruments after 1 April 2018 and fair value gain on unquoted financial assets measure at FVTPL. The increase mainly due to adjustment on valuation method from income approach to market approach on these investments will not transferred to Hidden Hill.

Although the net profit for the year decreased significantly to US$1,058 million for the current year as compared to US$2,999 million during the prior year, the decrease is mainly caused by market fair value changes and new business exploration and our core business on development and management of logistic facilities keeps steady and continuing growth, and we believe in our business strategy and our intelligent and experienced team to continue providing customers with high quality and best-in-class logistics and warehousing facilities and integrated logistical solutions in China.

Total assets as of 31 December 2019 were US$27.4 billion as compared to US$23.5 billion as of 31 December 2018. Investment properties increased to US$20.7 billion (2018: US$17.9 billion) due to property acquisitions, developments and completions, and increase in fair values arising from re-assessment of property values.

We have implemented prudential financial management policies that have enabled us to maintain a good credit profile, disciplined investment approach and strong balance sheet with defensive growth. We benefits from access to diversified and multi-channel financing channels including but not limited to bilateral loans, syndicated loans, capital markets, funds and other borrowings and equity. As at 31 December 2019, we has a total debt of US$8,727 million (2018: US$7,129 million), net debt of US$7,827 million (2018: US$6,466 million), and net debt to equity ratio of 52.79% (2018: 49.85%), respectively.

Risk management

We place an extremely high importance on risk management. We believe that risk management is not just about minimizing downside risk, but also enabling us to take on the necessary risks to grow and create value. We are committed to fostering a strong risk-centric culture which encourages identification and proactive management of these risks.

The process of risk management is incorporated into day-to-day operations and forms an integral part of all decision-making processes with GLP China.

For example, our operation in China is naturally exposed to foreign exchange rate fluctuations, and our pre-tax profit is exposed to currency risks through sales and purchases which give rise to receivables, payables and cash balances denominated in foreign currencies, primarily United States dollars. In respect of the monetary assets and liabilities denominated in foreign currencies, we ensure that the net exposures to this risk is kept to an acceptable level by monitoring the currency gap and keep reducing our exposure by holding monetary assets and liabilities denominated in foreign currencies in short-term period.

We are also exposed to interest rate risk arising primarily from variable-rate borrowings and cash balances. We manages the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis.

Individual operating entities within GLP China are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands. Our policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Environmental social and governance

We seek to contribute in a positive, meaningful way to the communities and environments in which we operate. Sustainability is at the heart of delivering our business objectives and our continued ability to provide enhanced economic, environmental and social value to our investors, clients, staff, suppliers and the communities in which we operate, both now and into the future.

We maintain a zero corruption policy across all our operations and take an active role to instill a culture of business integrity and ethical values. Strict written policies detailing the Code of Business Conduct and Ethics underpin this commitment, with all employees required to comply on an annual basis.

We are committed to manage our activities to provide the highest level of protection to the environment and to safeguard the health and safety of our employees, customers and communities. We are committed to ensuring that material risks and opportunities are built into investment research and screening, selection of investments and portfolio management.

We create comprehensive training initiatives and a positive work environment that supports individual growth and development and promotes a healthy, safe and balanced lifestyle. As part of our cultural values, we seek to identify talent both internally and externally and to build our talent pipeline for succession planning.

When facing the coronavirus epidemic during the beginning of year 2020, we have shown show our support for the most heavily impacted communities in Wuhan and the Hubei province, our teams were able to leverage GLP's global network to source and procure over a million pieces of medical supplies including protective clothing, surgical masks, medical gloves, eye-protectors, etc. to donate to hospitals to protect the safety of physicians and medical workers. We also opened up over 2 million square meters of storage spaces from over 110 GLP logistics parks in more than 40 cities to governments at all levels, charities and social organizations, and businesses for the purpose of managing the logistics of the supplies for the relief efforts.

We are dedicated to giving back to the communities in which we operate, with our employees playing a vital part. We believe this involvement leads to greater employee satisfaction and happiness as they realise they are part of building something meaningful and long-lasting. Over the past year, we held several community projects such as teaching, donations and charity events to schools.

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Independent auditor's report to the members of GLP China Holdings Limited

(Incorporated in Hong Kong with limited liability)

GLP China Holdings Limited

Opinion

We have audited the consolidated financial statements of GLP China Holdings Limited ("the Company") and its subsidiaries ("the Group") set out on pages 11 to 105, which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year ended 31 December 2019 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance and its consolidated cash flows for the year ended 31 December 2019 in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

KPMG

Independent auditor's report to the members of GLP China Holdings Limited (continued)

(Incorporated in Hong Kong with limited liability)

GLP China Holdings Limited

Information other than the consolidated financial statements and auditor's report thereon (continued)

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

GLP China Holdings Limited

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

kpmg

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

Date: 30 APR 2020

Consolidated Statement of Comprehensive Income for the year ended 31 December 2019

	Notes	Year ended 31 December 2019 US$'000	Year from 1 April 2018 to 31 December 2018 US$'000
Revenue	4	990,954	753,443
Other income	5	175,724	52,030
Cost of goods sold and other financial services costs		(25,857)	(70,491)
Property-related expenses		(223,535)	(153,193)
Other expenses		(174,778)	(97,186)
Changes in fair value of investment properties		1,081,831	2,433,474
Share of results (net of tax expense) of joint ventures		48,203	75,114
Share of results (net of tax expense) of associates		7,525	11,789
Profit from operations		1,880,067	3,004,980
Finance costs	6	(437,661)	(455,248)
Finance income	6	40,413	14,878
Net finance costs	6	(397,248)	(440,370)
Gain on acquisition/disposal of subsidiaries	30	39,283	163,973
Profit before taxation	7	1,522,102	2,728,583
Tax expense	8	(464,497)	(801,824)
Profit for the year		1,057,605	1,926,759
Profit attributable to:			
Owners of the Company		811,257	1,533,709
Non-controlling interests		246,348	393,050
Profit for the year		1,057,605	1,926,759

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2(c).

The notes on pages 20 to 105 form part of these financial statements.

Consolidated Statement of Comprehensive Income for the year ended 31 December 2019 (continued)

	Note	*Year ended 31 December 2019* US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Profit for the year		1,057,605	1,926,759
Other comprehensive income for the year	10		
Items that will not be reclassified to profit or loss:			
Surplus on revaluation of buildings held for own use carried at fair value		3,305	-
Change in fair value of other investments		52,912	(249,034)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from consolidation of foreign operations		(213,501)	(1,083,903)
Other comprehensive income for the year		(157,284)	(1,332,937)
Total comprehensive income for the year		900,321	593,822
Total comprehensive income attributable to:			
Owners of the Company		706,052	406,069
Non-controlling interests		194,269	187,753
Total comprehensive income for the year		900,321	593,822

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2(c).

The notes on pages 20 to 105 form part of these financial statements.

Consolidated Statement of Financial Position as at 31 December 2019

	Notes	31 December 2019 US$'000	31 December 2018 US$'000
Non-current assets			
Investment properties	11	20,656,664	17,855,646
Joint ventures	13	1,369,688	980,282
Associates	14	666,745	358,501
Deferred tax assets	15	8,840	8,114
Property, plant and equipment	16	202,641	12,149
Intangible assets	17	288,972	295,258
Other investments	18	1,616,453	1,064,663
Other non-current assets	19	203,647	396,508
		25,013,650	20,971,121
Current assets			
Trade and other receivables	20	1,389,806	1,815,068
Inventories		3,654	7,358
Asset classified as held for sale	21	76,011	-
Cash and cash equivalents	22	859,715	663,296
Restricted cash	23	67,294	-
		2,396,480	2,485,722
Total assets		27,410,130	23,456,843
Equity attributable to owners of the Company			
Share capital	24	6,950,825	6,950,825
Reserves	25	4,114,450	3,417,615
		11,065,275	10,368,440
Non-controlling interests		3,762,461	2,600,800
Total equity		14,827,736	12,969,240

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2(c).

The notes on pages 20 to 105 form part of these financial statements.

Consolidated Statement of Financial Position as at 31 December 2019 (continued)

	Notes	31 December 2019 US$'000	31 December 2018 US$'000
Non-current liabilities			
Loans and borrowings	26	7,015,455	4,470,934
Deferred tax liabilities	15	2,326,370	2,009,526
Other non-current liabilities	27	567,504	1,022,812
		9,909,329	7,503,272
Current liabilities			
Loans and borrowings	26	1,175,106	1,659,158
Trade and other payables	28	1,442,850	1,281,163
Current tax payable		55,109	44,010
		2,673,065	2,984,331
Total liabilities		12,582,394	10,487,603
Total equity and liabilities		27,410,130	23,456,843

Approved and authorised for issue by the Board of Directors on 30 APR 2020.

Director

Director

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2(c).

The notes on pages 20 to 105 form part of these financial statements.

Consolidated Statement of Changes in Equity for the year from 1 April 2018 to 31 December 2018

Group	Share capital US$'000	Capital and PRC statutory reserve US$'000	Equity compensation reserve US$'000	Currency translation reserve US$'000	Fair value reserve (recycling) US$'000	Fair value reserve (non-recycling) US$'000	Other reserve US$'000	Retained earnings US$'000	Total attributable to owners of the Company US$'000	Non-controlling interests US$'000	Total Equity US$'000
At 1 April 2018	6,950,825	(6,054)	36,849	192,346	228,976	-	(1,554,630)	4,085,948	9,934,260	2,294,006	12,228,266
Impact on initial application of HKFRS 9	-	-	-	-	(228,976)	228,976	-	25,119	25,119	-	25,119
Adjustment balance at 1 April 2018	6,950,825	(6,054)	36,849	192,346	-	228,976	(1,554,630)	4,111,067	9,959,379	2,294,006	12,253,385
Total comprehensive income for the year											
Profit for the year	-	-	-	-	-	-	-	1,533,709	1,533,709	393,050	1,926,759
Other comprehensive income											
Exchange differences arising from consolidation of foreign operations	-	-	-	(878,606)	-	-	-	-	(878,606)	(205,297)	(1,083,903)
Change in fair value of other investments	-	-	-	-	-	(249,034)	-	-	(249,034)	-	(249,034)
Total other comprehensive income	-	-	-	(878,606)	-	(249,034)	-	-	(1,127,640)	(205,297)	(1,332,937)
Total comprehensive income for the year	-	-	-	(878,606)	-	(249,034)	-	1,533,709	406,069	187,753	593,822
Transactions with owners, recorded directly in equity											
Capital contribution from non-controlling interests	-	3,012	-	-	-	-	-	-	3,012	199,795	202,807
Acquisition of interests in subsidiaries from non-controlling interests	-	(20)	-	-	-	-	-	-	(20)	(18,079)	(18,099)
Acquisition of subsidiaries (note 30)	-	-	-	-	-	-	-	-	-	122,361	122,361
Disposal of subsidiaries (note 30)	-	-	-	-	-	-	-	-	-	(181,783)	(181,783)
Transfer to reserves	-	1,803	-	-	-	-	-	(1,803)	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(3,253)	(3,253)
Total contributions by and distributions to owners	-	4,795	-	-	-	-	-	(1,803)	2,992	119,041	122,033
At 31 December 2018	6,950,825	(1,259)	36,849	(686,260)	-	(20,058)	(1,554,630)	5,642,973	10,368,440	2,600,800	12,969,240

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2(c).

The notes on pages 20 to 105 form part of these financial statements.

Consolidated Statement of Changes in Equity for the year from 1January 2019 to 31 December 2019 (continued)

Group	Share capital US$'000	Capital and PRC statutory reserve US$'000	Equity compensation reserve US$'000	Currency translation reserve US$'000	Property revaluation reserve US$'000	Fair value reserve (non-recycling) US$'000	Other reserve US$'000	Retained earnings US$'000	Total attributable to owners of the Company US$'000	Non-controlling interests US$'000	Total Equity US$'000
At 1 January 2019	6,950,825	(1,259)	36,849	(686,260)	-	(20,058)	(1,554,630)	5,642,973	10,368,440	2,600,800	12,969,240
Total comprehensive income for the year											
Profit for the year	-	-	-	-	-	-	-	811,257	811,257	246,348	1,057,605
Other comprehensive income											
Exchange differences arising from consolidation of foreign operations	-	-	-	(161,422)	-	-	-	-	(161,422)	(52,079)	(213,501)
Changes in fair value of other investments	-	-	-	-	-	52,912	-	-	52,912	-	52,912
Surplus on revaluation of buildings held for own use carried at fair value	-	-	-	-	3,305	-	-	-	3,305	-	3,305
Total other comprehensive income	-	-	-	(161,422)	3,305	52,912	-	-	(105,205)	(52,079)	(157,284)
Total comprehensive income for the year	-	-	-	(161,422)	3,305	52,912	-	811,257	706,052	194,269	900,321
Transactions with owners, recorded directly in equity											
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	252,139	252,139
Acquisition of interests in subsidiaries from non-controlling interests	-	(2,167)	-	-	-	-	-	-	(2,167)	(15,061)	(17,228)
Acquisition of subsidiaries (note 30)	-	-								149,437	149,437
Disposal of interest in a subsidiary to non-controlling interests	-	(7,050)	-	-	-	-	-	-	(7,050)	580,877	573,827
Transfer to reserves	-	2,145	-	-	-	-	-	(2,145)	-	-	-
Total contributions by and distributions to owners	-	(7,072)	-	-	-	-	-	(2,145)	(9,217)	967,392	958,175
At 31 December 2019	6,950,825	(8,331)	36,849	(847,682)	3,305	32,854	(1,554,630)	6,452,085	11,065,275	3,762,461	14,827,736

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2(c).

The notes on pages 20 to 105 form part of these financial statements.

Consolidated Cash Flow Statement
for the year ended 31 December 2019

	Year ended 31 December 2019 US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Cash flows from operating activities		
Profit before taxation	1,522,102	2,728,583
Adjustments for:		
Amortisation of intangible assets	1,521	1,159
Amortisation of deferred management costs	155	-
Depreciation of property, plant and equipment	12,709	2,894
Loss on disposal of property, plant and equipment	352	62
Gain on acquisition/disposal of subsidiaries	(39,283)	(163,973)
Share of results (net of tax expense) of joint ventures	(48,203)	(75,114)
Share of results (net of tax expense) of associates	(7,525)	(11,789)
Changes in fair value of investment properties	(1,081,831)	(2,433,474)
Changes in fair value of financial assets	(152,899)	(38,778)
Recognition of impairment loss on trade and other receivables	12,175	3,596
Net finance costs	397,248	440,370
	616,521	453,536
Changes in working capital:		
Trade and other receivables	(11,369)	7,150
Trade and other payables	36,277	13,718
Cash generated from operations	641,429	474,404
Tax paid	(79,791)	(76,188)
Net cash generated from operating activities	561,638	398,216

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2(c).

The notes on pages 20 to 105 form part of these financial statements.

Consolidated Cash Flow Statement
for the year ended 31 December 2019 (continued)

	Note	*Year ended 31 December 2019* US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	30	(774,164)	(747,011)
Disposal of subsidiaries, net of cash disposed	30	448,129	860,692
Acquisition of joint ventures		(104,676)	-
Capital contribution to joint ventures		(272,054)	(364,752)
Acquisition of associates		(10,449)	-
Capital contribution to associates		(87,457)	(154,180)
Payment for purchase of property, plant and equipment		(141,942)	(6,870)
Proceeds from sale of property, plant and equipment		23	-
Payment for purchase of other investments		(346,986)	(292,489)
Acquisition of investment properties		(144,610)	(15,087)
Development expenditure on investment properties		(1,345,068)	(834,729)
Deposit refunded/(paid) for acquisition of investment properties		18,184	(62,524)
Loans to joint ventures		(85,383)	(9,249)
Loans to associates		(40,065)	(158,259)
Loans to non-controlling interests		(4,117)	(4,445)
Loans to third parties		(109,861)	(194,202)
Loan repayment from jointly-controlled entities		237,261	25,750
Loan repayment from associates		65,554	7,285
Loan repayment from non-controlling interests		2,494	5,382
Loan repayment from third parties		187,222	71,266
Interest income received		34,947	4,783
Net cash used in investing activities		(2,473,018)	(1,868,639)

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2(c).

The notes on pages 20 to 105 form part of these financial statements.

Consolidated Cash Flow Statement for the year ended 31 December 2019 (continued)

	Note	Year ended 31 December 2019 US$'000	Year from 1 April 2018 to 31 December 2018 US$'000
Cash flows from financing activities			
Capital contribution from non-controlling interests		244,905	202,807
Proceeds of loans from intermediate holding company		421,161	267,000
Repayment of loans from intermediate holding company		(759,556)	(1,373,395)
Loans from non-controlling interests		8,992	2,567
Repayment of loans from non-controlling interests		(421)	(36,520)
Proceeds of loans from joint ventures		26,494	31,472
Proceeds of loans from third parties		2,702	5,772
Repayment of loans from third parties		(4,364)	-
Proceeds from bank loans		2,689,225	2,083,717
Repayment of bank loans		(1,824,551)	(2,059,496)
Proceeds from issue of bonds		1,299,113	2,187,195
Repayment of bonds		(205,171)	-
Interest paid		(362,508)	(189,044)
Dividends paid to non-controlling interests		-	(3,254)
Acquisition of interests in subsidiaries from non-controlling interests		(17,228)	(18,099)
Proceeds from disposal of interests in subsidiaries to non-controlling interests		602,498	-
Cash payments for principal portion of leased liabilities		(2,273)	-
Cash payments for interest portion of leased liabilities		(2,308)	-
Net cash generated from financing activities		2,116,710	1,100,722
Net increase/(decrease) in cash and cash equivalents		205,330	(369,701)
Cash and cash equivalents at beginning of the year		663,296	1,106,864
Effect of exchange rate changes on cash balances held in foreign currencies		(8,911)	(73,867)
Cash and cash equivalents at end of year	22	859,715	663,296

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2(c).

The notes on pages 20 to 105 form part of these financial statements.

Notes to the Financial Statements

1. General information

The Company was set up in Hong Kong on 15 October 2013 by CLH Limited, a subsidiary of GLP Pte. Ltd. which was incorporated in the Republic of Singapore ("Singapore").

CLH Limited and Global Logistic Properties Holding Limited ("GLPH Limited"), two Cayman incorporated companies, are intermediate holding vehicles 100% owned by GLP Limited. CLH Limited holds its shares in project companies incorporated in the People's Republic of China (the "PRC") through various intermediate offshore holding companies incorporated in Barbados, Singapore and Hong Kong. GLPH Limited holds its shares in GLP Investment (Shanghai) Co. Ltd. ("CMC"), a management company incorporated in the PRC, through two intermediate holding companies, China Management Holding Srl, incorporated in Barbados, and China Management Holdings (Hong Kong) Limited, incorporated in Hong Kong.

In October 2013, subsequent to the establishment of the Company, GLP China Asset Holdings Limited (former name "Iowa China Asset Holdings (Hong Kong) Limited") ("China Asset Holdco") was then established as a direct subsidiary of the Company. GLP HK Holdings Limited ("HK Holding Platform") and GLP SG Holdings Pte. Ltd. ("SG Holding Platform") were then established as subsidiaries of China Asset Holdco.

On 20 May 2014, certain intermediate offshore holding companies incorporated in Singapore, together with their subsidiaries and joint ventures were transferred to SG Holding Platform, and the rest of the intermediate offshore holding companies incorporated in Barbados, Singapore and Hong Kong, together with their subsidiaries and joint ventures were then transferred to HK Holding Platform. On the same date, GLPH Limited transferred its shares in China Management Holding Srl to the Company.

Subsequent to the reorganisation mentioned above (the "Reorganisation"), the Company owns subsidiaries and joint ventures indirectly through offshore immediate holding companies. As part of the Reorganisation, the Company introduced new investors Khangai Company Limited, Khangai II Company Limited, GLP Associate (I) Limited and GLP Associate (II) LLC. CLH Limited's percentage of interest in the Company was reduced to 66.2%.

The principal activities of the Company and its subsidiaries are those of investment holding, developing and operating warehouses, logistics and distribution facilities by the Company's project companies in PRC, provision of investment management and consulting, marketing and sales consulting, employees training, financial management, technical and IT support, and research and development services to the Company's project companies in PRC by CMC and its subsidiaries, and provision of related financial services.

The annual report for the year ended 31 December 2019 comprises the Company and its subsidiaries and the Group's interest in joint ventures and associates.

2. Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

As set out in the announcement of the Company issued on 20 December 2018, the financial year of the Company and the Group has been changed from 31 March to 31 December to align the financial year end date of the Group with the accounting period of major subsidiaries in the PRC, which ends in December each year. Accordingly, the current accounting year covers a year of twelve months from 1 January 2019 to 31 December 2019. The corresponding comparative amounts shown for the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover a period of nine months from 1 April 2018 to 31 December 2018 are therefore not entirely comparable with those of the current year.

The consolidated financial statements for the year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- equity investments (see note 2(h)); and

- investment property (see note 2(j)).

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell (see note 2(z)).

The functional currency of the Company is Chinese Renminbi Yuan ("RMB"). These financial statements are presented in United States dollars ("USD") and rounded to the nearest thousand. All financial information presented in USD has been translated based on the accounting policy set out in note 2(x).

2. Significant accounting policies (continued)

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

(c) Changes in accounting policies

The HKICPA has issued a new HKFRS, HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, *Leases*, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16, *Leases*

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases – incentives, and HK(SIC) 27, Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

2. Significant accounting policies (continued)

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

a. New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

b. Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment as disclosed in note 16. For an explanation of how the company applies lessee accounting, see note 2(l)(i).

At the date of transition to HKFRS 16 (1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments. Most of remaining lease terms were less than 1 year and cumulative effect of initial application was insignificant, no opening balance of equity at 1 January 2019 has been restated.

To ease the transition to HKFRS 16, the company applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019;

(ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

(iii) when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 December 2018 as an alternative to performing an impairment review.

2. Significant accounting policies (continued)

c. Impact on the financial result and cash flows of the company

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the company as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the company's statement of profit or loss and other comprehensive income, as compared to the results if HKAS 17 had been applied during the year.

In the cash flow statement, the company as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element (see note 24(b)). These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the cash flow statement (see note 24(c)).

d. Leasehold investment property

Under HKFRS 16, the Group is required to account for all leasehold properties as investment properties when these properties are held to earn rental income and/or for capital appreciation ("leasehold investment properties"). The adoption of HKFRS 16 does not have a significant impact on the Group's financial statements as the Group previously elected to apply HKAS 40, *Investment properties*, to account for all of its leasehold properties that were held for investment purposes as at 31 December 2018. Consequentially, these leasehold investment properties continue to be carried at fair value.

e. Lessor accounting

In addition to leasing out the investment property referred to in paragraph d. above, the Group leases out a number of items of vehicles as the lessor of operating leases. The accounting policies applicable to the Group as a lessor remain substantially unchanged from those under HKAS 17.

Under HKFRS 16, when the Group acts as an intermediate lessor in a sublease arrangement, the Group is required to classify the sublease as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, instead of by reference to the underlying asset. The adoption of HKFRS 16 does not have a significant impact on the Group's financial statements in this regard.

2. Significant accounting policies (continued)

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(r) or 2(s) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(h)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see note 2(f)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(m)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 2(z)).

2. Significant accounting policies (continued)

(e) Business combination for entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity except that any share capital of the acquired entities is recognised as part of merger reserves in other reserves. Any cash paid for the acquisition is recognised directly in equity.

(f) Associates and joint ventures

An associate is an entity in which the Group or company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 2(z)). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 2(g) and 2(m)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of comprehensive income, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

2. Significant accounting policies (continued)

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(h)).

In the Company's statement of financial position, investments in associates and joint venture are stated at cost less impairment losses (see note 2(m)), unless classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 2(z)).

(g) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(m)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(h) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 31(f). These investments are subsequently accounted for as follows, depending on their classification.

2. Significant accounting policies (continued)

(i) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 2(w)(v)).

- fair value through other comprehensive income (FVOCI) - recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

- fair value at profit or loss (FVPL) if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the nvestment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss.

Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 2(w)(iv).

(i) Property, plant and equipment

The following properties held for own use are stated at their revalued amount, being their fair value at the date of the revaluation less any subsequent accumulated depreciation:

- Buildings held for own use

Revaluations are performed with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the end of reporting period.

2. Significant accounting policies (continued)

The other items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses:

Changes arising on the revaluation of properties held for own use are generally dealt with in other comprehensive income and are accumulated separately in equity in the property revaluation reserve. The only exceptions are as follows:

- when a deficit arises on revaluation, it will be charged to profit or loss to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to the revaluation; and

- when a surplus arises on revaluation, it will be credited to profit or loss to the extent that a deficit on revaluation in respect of that same asset had previously been charged to profit or loss.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 2(y)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives ranging from 2 to 20 years.

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(j) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, used in the production or supply of goods or services, or for administrative purposes. Investment properties comprise completed investment properties, investment properties under re-development, properties under development and land held for development.

Land held for development represents lease prepayments for acquiring rights to use land in the PRC with periods ranging from 40 to 50 years. Such rights granted with consideration are recognised initially at acquisition cost.

2. Significant accounting policies (continued)

(i) Completed investment properties and investment properties under re-development

Completed investment properties and investment properties under re-development are measured at fair value with any changes therein recognised in profit or loss. Rental income from investment properties is accounted for in the manner described in note 2(w).

(ii) Properties under development and land held for development

Property that is being constructed or developed for future use as investment property is initially recognised at cost, including transaction costs, and subsequently at fair value with any change therein recognised in profit or loss.

The cost of properties under development comprises specifically identified cost, including the acquisition cost of land use rights for properties under development, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised (see note 2(y)).

When an investment property is disposed of, the resulting gain or loss recognised in profit or loss is the difference between net disposal proceeds and the carrying amount of the property.

(k) Intangible assets (other than goodwill)

Other intangible assets that are acquired by the Group and have finite useful lives are measured at costs less accumulated amortisation and accumulated impairment losses (see note 2(m)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

Trademarks	20 years
Non-competition	over the term of relevant agreement
License rights	over the term of the license period

Both the period and method of amortisation are reviewed annually.

(l) Leased assets

At inception of a contract, the company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

2. Significant accounting policies (continued)

(i) As a lessee

(A) Policy applicable from 1 January 2019

Where the contract contains lease component(s) and non-lease component(s), the company has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the company recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the company, are motor vehicles and office furniture. When the company enters into a lease in respect of a low-value asset, the company decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(i)), except for the following types of right-of-use asset:

- right-of-use assets that meet the definition of investment property are carried at fair value in accordance with note 2(j);

- right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value in accordance with note 2(n).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the company will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2. Significant accounting policies (continued)

In the statement of financial position, the company presents right-of-use assets within the same line item as similar underlying assets and presents lease liabilities separately.

(B) Policy applicable prior to 1 January 2019

In the comparative period, as a lessee the company classified leases as finance leases if the leases transferred substantially all the risks and rewards of ownership to the company. Leases which did not transfer substantially all the risks and rewards of ownership to the company were classified as operating leases, with the following exceptions:

- property held under operating leases that would otherwise meet the definition of an investment property was classified as investment property on a property-by-property basis and, if classified as investment property, was accounted for as if held under a finance lease (see note 2(j)); and
- land held for own use under an operating lease, the fair value of which could not be measured separately from the fair value of a building situated thereon at the inception of the lease, was accounted for as being held under a finance lease, unless the building was also clearly held under an operating lease. For these purposes, the inception of the lease was the time that the lease was first entered into by the company, or taken over from the previous lessee.

Where the company acquired the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets were recognised as property, plant and equipment and the corresponding liabilities, net of finance charges, were recorded as obligations under finance leases. Depreciation was provided at rates which wrote off the cost of the assets over the term of the relevant lease or, where it was likely the company would obtain ownership of the asset, the life of the asset, as set out in note 2(i). Impairment losses were accounted for in accordance with the accounting policy as set out in note 2(i). Finance charges implicit in the lease payments were charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals were charged to profit or loss in the accounting period in which they were incurred.

Where the company had the use of other assets held under operating leases, payments made under the leases were charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis was more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received were recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals were charged to profit or loss in the accounting period in which they were incurred.

2. Significant accounting policies (continued)

(ii) As a lessor

When the company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the company allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 2(v)(i).

When the company is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the company applies the exemption described in note 2(l)(i), then the company classifies the sub-lease as an operating lease.

(m) Credit losses and impairment of assets

(i) Credit losses from financial instruments, contract assets and lease receivables

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and loans to associates);
- contract assets as defined in HKFRS 15 (see note 2(o));
- debt securities measured at FVOCI (recycling);
- lease receivables; and
- loan commitments issued, which are not measured at FVPL

Other financial assets measured at fair value, including units in bond funds, equity securities measured at FVPL, equity securities designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

2. Significant accounting policies (continued)

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

- variable-rate financial assets: current effective interest rate;

- lease receivables: discount rate used in the measurement of the lease receivable;

- loan commitments: current risk-free rate adjusted for risks specific to the cash flows. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables, lease receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments (including loan commitments issued), the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

2. Significant accounting policies (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;

- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

- an actual or expected significant deterioration in the operating results of the debtor; and

- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

For loan commitments, the date of initial recognition for the purpose of assessing ECLs is considered to be the date that the Group becomes a party to the irrevocable commitment. In assessing whether there has been a significant increase in credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of default occurring on the loan to which the loan commitment relates.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income

Interest income recognised in accordance with note 2(w)(v) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

2. Significant accounting policies (continued)

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;

- a breach of contract, such as a default or delinquency in interest or principal payments;

- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised within "trade and other payables at fair value, which is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued (see note 2(w)(viii)).

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the amount carried in "trade and other payables" in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

2. Significant accounting policies (continued)

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in note 2(m)(i) apply. As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

(iii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment (other than properties carried at revalued amounts);
- pre-paid interests in leasehold land classified as being held under an operating lease;
- intangible assets;
- goodwill; and
- investments in subsidiaries, associates and joint ventures in the company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

  The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

  An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

2. Significant accounting policies (continued)

- Reversals of impairment losses

  In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

  A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(n) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the individual valuation method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any writedown of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any writedown of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(o) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 2(w)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) in accordance with the policy set out in note 2(m)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see note 2(n)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 2(w)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2(p)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2(w)).

2. Significant accounting policies (continued)

(p) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 2(m)).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 2(m)(i)).

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(r) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities, trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(s) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see note 2(y)).

(t) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

2. Significant accounting policies (continued)

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair Equity-settled share-based payments value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

(iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(u) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

2. Significant accounting policies (continued)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(j), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

2. Significant accounting policies (continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(v) Provisions and contingent liabilities

(i) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Onerous contracts

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of continuing with the contract.

(iii) Contingent liabilities assumed in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortization where appropriate, and the amount that would be determined in accordance with note 2(v)(i). Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed in accordance with note 2(v)(i).

2. Significant accounting policies (continued)

(w) Revenue recognition and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(ii) Sales of goods

Revenue is recognised when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

(iii) Management fee income

Management fee income is recognised in profit or loss as and when services are rendered.

2. Significant accounting policies (continued)

(iv) Dividends

- Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

- Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method.

(vi) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(vii) Finance income under finance lease

Where the Group provides finance leasing of its warehouses and machines to customers, the Group recognises profit or loss equivalent to the profit or loss resulting from an outright sale of the warehouses and machines products being leased at normal selling prices and finance income over the period of the lease. Finance income implicit in finance lease is recognised over the period of the lease so as to produce an approximately constant periodic rate of return on the outstanding net investment in the lease for each accounting period. Commission paid to dealers for acquisition of finance lease contract is included in the carrying value of the assets and amortised to the profit or loss over the expected life of the lease as an adjustment to finance income.

(viii) Income from financial guarantees issued

Income from financial guarantees issued is recognised over the term of the guarantees (see note 2(m)(ii)).

(x) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Nonmonetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

2. Significant accounting policies (continued)

The results of foreign operations are translated into USD at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into USD at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve. Goodwill arising on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(y) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(z) Non-current assets held for sale and discontinued operations

(i) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

2. Significant accounting policies (continued)

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group and the Company are concerned are deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries, associates and joint ventures) and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 2.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

(ii) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale (see (i) above), if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the statement of profit or loss, which comprises:

- the post-tax profit or loss of the discontinued operation; and
- the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

(aa) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

2. Significant accounting policies (continued)

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(ii) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. Accounting estimates and judgements

The following critical accounting policies involve the most significant judgements and estimates used in the preparation of the consolidated financial statements.

(a) Valuation of investment properties

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio every three months. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in arms' length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

3. Accounting estimates and judgements (continued)

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, where appropriate: the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the Group and the lessee; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and where appropriate counter-notices have been served validly and within the appropriate time.

Investment property under construction or development is valued by estimating the fair value of the completed investment property and then deducting from that amount the estimated costs to complete construction or development, financing costs and a reasonable profit margin.

(b) Impairment of non-financial assets

If circumstances indicate that the carrying amounts of non-financial assets (other than investment properties and deferred tax assets) may not be recoverable, the assets may be considered impaired and are tested for impairment. An impairment loss is recognised when the asset's recoverable amount has declined below its carrying amount. The recoverable amount is the greater of the fair value less costs to sell and value in use. In determining the recoverable amount which requires significant judgements, the Group estimates the future cash flows to be derived from continuing use and ultimate disposal of the asset and applies an appropriate discount rate to these future cash flows.

(c) Recognition of deferred tax assets

At 31 December 2019, the Group has recognised deferred tax assets in relation to the unused tax losses as set out in note 15. The ability to realise the deferred tax assets mainly depends on whether it is probable that future taxable profits will be available against which related tax benefits under the deferred tax assets can be utilised. In cases where the actual future taxable profits generated are less than expected, a reversal of deferred tax assets may arise, which will be recognised in profit or loss for the period in which such a reversal takes place.

4. Revenue

	Year ended 31 December 2019 US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
Sales of goods	22,860	70,906
Financial services income	27,063	24,585
Management fee income	82,659	18,997
Others	6,114	10,671
	138,696	125,159
Disaggregated by timing of revenue recognition		
Point in time	27,893	81,577
Over time	110,803	43,582
	138,696	125,159
Revenue from other sources		
Rental and related income	852,258	628,284
	990,954	753,443

The Group's customer base is diversified and no customer with whom transactions have exceeded 10% of the Group's revenue.

5. Other income

	Year ended 31 December 2019 US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Government grant	20,014	6,515
Utility income	3,163	808
Changes in fair value of financial assets	152,899	38,778
Compensation	-	5,991
Loss on sale of property, plant and equipment	(352)	(62)
	175,724	52,030

6. Net finance costs

	Year ended 31 December 2019 US$'000	Year from 1 April 2018 to 31 December 2018 US$'000
Interest income on:		
- Fixed deposits and cash at bank	8,795	3,368
- Loans to joint ventures	9,126	1,107
- Loans to associates	8,014	1,976
- Loans to non-controlling interests	289	255
- Loans to third parties	14,189	8,172
Interest income	40,413	14,878
Amortisation of transaction costs of bank loans	(7,876)	(4,286)
Amortisation of transaction costs of bonds	(5,233)	(2,593)
Interest expenses on:		
- Bank loans	(164,940)	(104,759)
- Bonds	(188,513)	(82,509)
- Loans from intermediate holding company	(27,088)	(41,181)
- Loans from non-controlling interests	(604)	(944)
- Loans from joint ventures	(976)	(11)
- Loans from third party	(323)	-
- Right-of-use assets	(2,308)	-
Total borrowing costs	(397,861)	(236,283)
Less: borrowing costs capitalised in investment properties	9,677	4,323
Net borrowing costs	(388,184)	(231,960)
Foreign exchange loss	(49,477)	(223,288)
Net finance costs recognised in profit or loss	(397,248)	(440,370)

7. Profit before taxation

The following items have been included in arriving at profit before taxation:

		Year ended 31 December 2019 US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
(a)	***Staff costs***		
	Wages and salaries	(65,717)	(32,934)
	Contributions to defined contribution plans, included in wages and salaries	(6,655)	(3,422)
(b)	***Other expenses***		
	Amortisation of intangible assets	(1,521)	(1,159)
	Depreciation charge of property, plant and equipment	(12,709)	(2,894)
	Recognition of impairment loss on trade and other receivables	(12,175)	(3,596)
	Audit fees	(2,950)	(2,678)

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2(c).

8. Tax expense

	Year ended 31 December 2019 US$'000	Year from 1 April 2018 to 31 December 2018 US$'000
Current tax	57,563	115,413
Withholding tax on foreign-sourced income	25,151	7,546
	82,714	122,959
Deferred tax		
Origination and reversal of temporary differences	381,783	678,865
	464,497	801,824
Reconciliation of expected to actual tax:		
Profit before taxation	1,522,102	2,728,583
Less: share of results (net of tax expense) of joint ventures	(48,203)	(75,114)
Less: share of results (net of tax expense) of associates	(7,525)	(11,789)
Profit before share of results of joint ventures and associates (net of tax expense)	1,466,374	2,641,680
Tax expense using PRC tax rate of 25%	366,593	660,420
Effect of different tax from subsidiaries	9,839	2,839
Net income not subject to tax	(20,801)	(9,064)
Non-deductible expenses	54,955	126,679
Deferred tax assets not recognised	38,256	24,257
Recognition of previously unrecognised tax losses	(9,496)	(10,853)
Withholding tax on foreign-sourced income	25,151	7,546
	464,497	801,824

9. Directors' remuneration

Directors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of information about Benefits of Directors) Regulation is as follows:

	Year ended 31 December 2019 US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Executive Directors		
Salaries allowance and benefits in kind	(2,790)	(2,355)
Discretionary bonuses	(2,995)	(2,115)
Long-term incentive plan	(3,650)	(1,451)
Total	(9,435)	(5,921)

10. Other comprehensive income

(a) Tax effects relating to other comprehensive income

	Year ended 31 December2019			*Year from 1 April 2018 to 31 December2018*		
	Before-Tax amount US$'000	*Tax expense* US$'000	*Net-of-Tax amount* US$'000	*Before-Tax amount* US$'000	*Tax expense* US$'000	*Net-of-Tax amount* US$'000
Exchange differences arising from consolidation of foreign operations	(213,501)	-	(213,501)	(1,083,903)	-	(1,083,903)
Changes in fair value of properties	4,407	(1,102)	3,305	-	-	-
Change in fair value of other investments	60,014	(7,102)	52,912	(278,137)	29,103	(249,034)
Total other comprehensive income	(149,080)	(8,204)	(157,284)	(1,362,040)	29,103	(1,332,937)

(b) Components of other comprehensive income, including reclassification adjustments

	Year ended 31 December 2019 US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Surplus on revaluation of buildings held for own use carried at fair value	3,305	-
Change in fair value of other investments	52,912	(249,034)
Exchange differences arising from consolidation of foreign operations	(213,501)	(1,083,903)
Net movement during the year recognised in other comprehensive income	(157,284)	(1,332,937)

11. Investment properties

	31 December 2019 US$'000	31 December 2018 US$'000
At 1 January/April	17,855,646	16,605,068
Additions	1,486,150	751,879
Acquisition of subsidiaries (note 30)	952,988	1,170,548
Disposal of subsidiaries (note 30)	(326,663)	(1,634,627)
Borrowing cost capitalised (note 6)	9,677	4,323
Changes in fair value	1,081,831	2,433,474
Reclassification to asset held for sale (note 21)	(76,011)	-
Effect of movements in exchange rates	(326,954)	(1,475,019)
At 31 December	20,656,664	17,855,646
Comprising:		
Completed investment properties	16,852,269	14,176,914
Investment properties under re-development	241,105	476,862
Properties under development	1,804,525	1,581,337
Land held for development	1,758,765	1,620,533
	20,656,664	17,855,646

Fair value measurement of properties

(a) *Fair value hierarchy*

The following table presents the fair value of the Group's properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable input

11. Investment properties (continued)

31 December 2019

	The Group			
	Level 1	*Level 2*	*Level 3*	*Total*
	US$'000	US$'000	US$'000	US$'000
Investment properties	-	-	20,656,664	20,656,664
Buildings held for own use	-	-	73,693	73,693

31 December 2018

	The Group			
	Level 1	*Level 2*	*Level 3*	*Total*
	US$'000	US$'000	US$'000	US$'000
Investment properties	-	-	17,855,646	17,855,646

During the year ended 31 December 2018 and 2019, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (year ended 31 December 2018: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The valuations were carried out by an independent firm of surveyors, Jones Lang LaSalle Limited, who have among their staff fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued.

(b) Information about Level 3 fair value measurements

In determining fair value, a combination of approaches were used, including the direct comparison, income capitalisation, discounted cash flow and residual approaches. The direct comparison approach involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The income capitalisation approach capitalises an income stream into a present value using single-year capitalisation rates, and the income stream used is adjusted to market rentals currently being achieved within comparable investment properties and recent leasing transactions achieved within the investment property. The discounted cash flow approach requires the valuer to assume a rental growth rate indicative of market and the selection of a target internal rate of return consistent with current market requirements. The residual approach values properties under development and land held for development by reference to its development potential and deducting development costs to be incurred, together with developers' profit margin, assuming it was completed as at the date of valuation.

In relying on the valuation reports, management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of the current market conditions.

11. Investment properties (continued)

	Valuation Techniques	*Unobservable input*	*Range*
Investment properties: Mainland China	Capitalisation approach	Capitalisation rate	4.00% - 7.00%
	Discounted cash flow and Residual value	Discount rate	8.00% - 10.50%
		Terminal yield rate	4.00% - 7.00%
Buildings held for own use: Mainland China	Capitalisation approach	Capitalisation rate	4.00%
	Discounted cash flow and Residual value	Discount rate	8.00%
		Terminal yield rate	4.00%

Descriptions of the sensitivity in unobservable inputs and inter-relationship:

The fair value measurement is negatively correlated to the unobservable input that the lower the factor will result in a higher fair value.

Fair value adjustment of investment properties is recognised in the line item "changes in fair value of investment properties" on the face of the consolidated statement of comprehensive income.

Surplus on revaluation of Buildings held for own use is recognised in the line item "surplus on revaluation of buildings held for own use carried at fair value" on the face of the consolidated statement of comprehensive income.

Exchange adjustment of investment properties and Buildings held for own use are recognised in other comprehensive income in "currency translation reserve".

Investment properties are held mainly for use by external customers under operating leases. Generally, the leases contain an initial non-cancellable period of one to twenty years. Subsequent renewals are negotiated with the lessees. There are no contingent rents arising from the lease of investment properties.

The capitalisation rates of borrowings range from 4.61% to 5.64% for the year ended 31 December 2019 (from 1 April 2018 to 31 December 2018: 4.90% to 6.15%).

Investment properties with carrying value totalling approximately US$13,035,696,000 as at 31 December 2019 (31 December 2018: US$9,020,340,000) were mortgaged to secure credit facilities for the Group (note 26). Interest capitalised as costs of investment properties amounted to approximately US$9,677,000 (31 December 2018: US$4,323,000) during the year.

12. Investment in subsidiaries

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

	Proportion of ownership interest					
Name of subsidiaries	*Place of incorporation and business*	*Group's Effective interest*	*Held by the Company*	*Held by a subsidiary*	*Registered capital*	*Principal activities*
GLP Investment (Shanghai) Co., Ltd.	PRC	100.00%	-	100.00%	US$'000 900,000	Property management
GLP Capital Investment 4 (HK) Limited	Hong Kong	100.00%	-	100.00%	US$'000 119,088	Investment holding
CLH 12 (HK) Limited	Hong Kong	100.00%	-	100.00%	US$'000 311,936	Investment holding
China Logistic Investment Holding (2) Limited	Cayman Islands	100.00%	-	100.00%	US$'000 3	Investment holding
CLF Fund I, LP	Singapore/PRC	30.12%	-	30.12%	US$'000 1,530,000	Property investment
CLF Fund II, LP	Cayman Islands/PRC	56.38%	-	56.38%	US$'000 3,725,000	Property investment
GLP Financial Holding (Chongqing) Co., Ltd.	PRC	100.00%	-	100.00%	US$'000 400,000	Financial service
Airport City Development Co., Ltd.	PRC	53.14%	-	53.14%	RMB'000 1,800,000	Property investment
Zhejiang Transfar Logistics Base Co., Ltd.	PRC	60.00%	-	60.00%	RMB'000 185,500	Property investment
Beijing Lihao Science & Technology Co., Ltd.	PRC	88.00%	-	88.00%	RMB'000 559,743	Property investment
GLP I-Park Xi'An Science & Technology Industrial Development Co., Ltd.	PRC	48.41%	-	48.41%	RMB'000 1,251,800	Property investment
Shanghai Fuhe Industrial Development Co., Ltd.	PRC	70.00%	-	70.00%	RMB'000 250,000	Property investment
GLP Beijing Airport Logistics Development Co., Ltd.	PRC	100.00%	-	100.00%	US$'000 30,000	Property investment
Beijing Sifang Tianlong Medicine Logistic Co., Ltd.	PRC	100.00%	-	100.00%	RMB'000 185,000	Property investment
Zhuhai Puxing Logistic Industry Equity Investment Partnership LLP	PRC	100.00%	-	100.00%	RMB'000 1,799,000	Property investment
Shenzhen Lingxian Technology Co., Ltd.	PRC	55.00%	-	55.00%	RMB'000 40,000	Property investment
GLP Puyun Warehousing Services Co., Ltd.	PRC	100.00%	-	100.00%	US$'000 47,700	Property investment
GLP Wuxi Puxin Technology & Industrial Development Co., Ltd.	PRC	100.00%	-	100.00%	US$'000 140,000	Property investment
GLP Shanghai Minhang Logistics Facilities Co., Ltd.	PRC	100.00%	-	100.00%	US$'000 26,000	Property investment
Foshan Pufeng Logistics Facilities Co., Ltd.	PRC	60.00%	-	60.00%	RMB'000 422,813	Property investment
GLP Pugao Logistics Facilities Co., Ltd.	PRC	100.00%	-	100.00%	US$'000 127,900	Property investment
GLP Xujing Logistics Facilities Co., Ltd.	PRC	100.00%	-	100.00%	US$'000 20,200	Property investment
GLP Shanghai Songjiang Logistics Facilities Co., Ltd.	PRC	100.00%	-	100.00%	US$'000 48,000	Property investment
Kunshan GLP Dianshanhu Logistics Facilities Co., Ltd.	PRC	100.00%	-	100.00%	US$'000 59,000	Property investment
Zhuhai Puyin Logistic Investment Partnership LLP	PRC	100.00%	-	100.00%	RMB'000 1,500,000	Property investment
GLP Wanqing Logistics Facilities Co., Ltd.	PRC	100.00%	-	100.00%	RMB'000 320,000	Property investment
GLP Shanghai Chapu Logistics Facilities Co., Ltd.	PRC	100.00%	-	100.00%	US$'000 14,000	Property investment
Beijing City Power Logistics Facilities Co., Ltd.	PRC	60.00%	-	60.00%	RMB'000 174,497	Property investment
GLP Shanghai Waigaoqiao Logistics Facilities Co., Ltd.	PRC	100.00%	-	100.00%	US$'000 68,560	Property investment
GLP Shanghai Pujin Logistics Facilities Co., Ltd.	PRC	100.00%	-	100.00%	US$'000 50,000	Property investment
Puyang (Shanghai) Development Co., Ltd.	PRC	100.00%	-	100.00%	RMB'000 800,000	Property investment
Dongguan Ever Profit Logistics Facilities Co., Ltd.	PRC	100.00%	-	100.00%	RMB'000 288,690	Property investment
GLP Foshan Logistics Facilities Co., Ltd.	PRC	100.00%	-	100.00%	US$'000 17,000	Property investment
Guangzhou Baopu Logistics Facilities Co., Ltd.	PRC	100.00%	-	100.00%	RMB'000 156,000	Property investment

12. Investment in subsidiaries (continued)

Name of subsidiaries	Place of incorporation and business	Proportion of ownership interest: Group's Effective interest	Held by the Company	Held by a subsidiary	Registered capital	Principal activities
GLP Shanghai Shenjiang Logistics Facilities Co., Ltd.	PRC	100.00%	-	100.00%	US$'000 20,000	Property investment
GLP Guangzhou Logistics Facilities Management Co., Ltd.	PRC	100.00%	-	100.00%	RMB'000 50,000	Property investment
Dalian Puji Logistics Facilities Co., Ltd.	PRC	60.00%	-	60.00%	US$'000 80,000	Property investment
Dexin Telecommunications Technology (Hangzhou) Co., Ltd.	PRC	100.00%	-	100.00%	US$'000 67,000	Property investment
GLP Langfang Logistics Facilities Co., Ltd.	PRC	100.00%	-	100.00%	US$'000 29,400	Property investment
Beijing Zhengqi Shangyu Investment Center LLP	PRC	100.00%	-	100.00%	RMB'000 247,000	Property investment
Beijing Zhengqi Shanghui Investment Center LLP	PRC	100.00%	-	100.00%	RMB'000 269,620	Property investment
Beijing Zhengqi Shangcheng Investment Center LLP	PRC	100.00%	-	100.00%	RMB'000 269,080	Property investment
Beijing Zhengqi Shangxin Investment Center LLP	PRC	100.00%	-	100.00%	RMB'000 268,000	Property investment
Beijing Zhengqi Shangde Investment Center LLP	PRC	100.00%	-	100.00%	RMB'000 265,300	Property investment
Guofu Huijin (Tianjin) Investment Management LLP	PRC	100.00%	-	100.00%	RMB'000 3,000,000	Property investment

The following tables lists out the information relating to changes in non-controlling interests ("NCI"), and the subsidiaries of the Group which have material NCI.

	Changes in NCI				
	CLF I US$'000	ACL US$'000	CLF II US$'000	Others US$'000	Total US$'000
Balance at 1 April 2018	884,957	374,758	151,589	882,702	2,294,006
Profit for the year	125,848	117,060	18,429	131,713	393,050
Exchange differences arising from consolidation of foreign operations	(78,386)	(34,884)	(16,627)	(75,400)	(205,297)
Capital contribution from NCI	13,235	-	152,432	34,128	199,795
Dividends paid to NCI	-	-	-	(3,253)	(3,253)
Acquisition of subsidiaries (note 30)	-	-	16,346	106,015	122,361
Acquisition of interests in subsidiaries from NCI	-	-	-	(18,079)	(18,079)
Disposal of subsidiaries (note 30)	-	-	-	(181,783)	(181,783)
Balance at 31 December 2018 and 1 January 2019	945,654	456,934	322,169	876,043	2,600,800
Profit for the year	71,176	42,658	58,248	74,279	246,361
Exchange differences arising from consolidation of foreign operations	(11,582)	(7,895)	(9,337)	(23,278)	(52,092)
Capital contribution from NCI	(151,713)	-	328,987	74,865	252,139
Acquisition of subsidiaries (note 30)		-	59,084	90,353	149,437
Acquisition of interests in subsidiaries from NCI	-	-	(2,149)	(12,912)	(15,061)
Disposal of interest in a subsidiary to NCI	580,877	-	-	-	580,877
Balance at 31 December 2019	1,434,412	491,697	757,002	1,079,350	3,762,461

12. Investment in subsidiaries (continued)

The following tables lists out the information relating to CLF I, ACL and CLF II, the subsidiaries of the Group which have material non-controlling interest ("NCI"). The summarised financial information presented below represent the amounts before any inter-company elimination.

	31 December 2019 US$'000	*31 December 2018* US$'000
CLF I		
NCI percentage	69.88%	44.12%
Current assets	132,809	114,483
Non-current assets	3,373,772	3,178,894
Current liabilities	(151,014)	(360,036)
Non-current liabilities	(1,311,929)	(789,855)
Net assets	2,043,638	2,143,486
Carrying amount of NCI	1,434,412	945,654

	Year ended 31 December 2019 US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Revenue	176,811	123,000
Profit for the year	123,159	285,254
Total comprehensive income	115,151	107,579
Profit allocated to NCI	71,175	125,848
Net cash increase/(decrease)	18,018	(40,176)

	31 December 2019 US$'000	*31 December 2018* US$'000
ACL		
NCI percentage	46.86%	46.86%
Current assets	54,674	47,848
Non-current assets	1,781,182	1,689,348
Current liabilities	(131,419)	(192,086)
Non-current liabilities	(644,933)	(559,620)
Net assets	1,059,504	985,490
Carrying amount of NCI	491,697	456,934

12. Investment in subsidiaries (continued)

	Year ended 31 December 2019 US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Revenue	75,996	53,236
Profit for the year	91,029	249,800
Total comprehensive income	74,183	174,387
Profit allocated to NCI	42,657	117,060
Net cash increase	12,287	18,422

	31 December 2019 US$'000	*31 December 2018* US$'000
CLF II		
NCI percentage	43.62%	43.62%
Current assets	210,117	171,996
Non-current assets	2,198,459	1,117,008
Current liabilities	(507,589)	(510,027)
Non-current liabilities	(264,046)	(63,901)
Non-controlling interests	(74,889)	(16,557)
Net assets	1,562,052	698,519
Carrying amount of NCI	757,002	322,169

	Year ended 31 December 2019 US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Revenue	21,544	6,034
Profit for the year	132,119	41,966
Total comprehensive income	111,616	3,367
Profit allocated to NCI	58,235	18,429
Net cash increase/(decrease)	98,263	(74,350)

13. Joint ventures

	Notes	*31 December 2019* US$'000	*31 December 2018* US$'000
Shanghai Lingang GLP International Logistics Leasing Co., Ltd. ("Lingang International")	(a)	291,842	262,778
Beijing Jintonggang Real Estate Development Co., Ltd. ("Z3 project")	(b)	336,428	-
GLP Guoyi (Zhuhai) Acquisition Fund (LP) ("CVA I Fund")	(c)	162,343	91,710
Others		579,075	625,794
		1,369,688	980,282

All the joint ventures are unlisted corporate entities whose quoted market prices are not available.

(a) Lingang International

Lingang International was established by a subsidiary of the Company with a state-owned property developer and constructor in the PRC. Summarised financial information of Lingang International, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	31 December 2019 US$'000	*31 December 2018* US$'000
Non-current assets	800,535	755,527
Current assets	44,353	41,143
Non-current liabilities	(228,820)	(251,644)
Current liabilities	(32,384)	(19,471)
Equity	583,684	525,555
Group's effective interest	50.00%	50.00%
Carrying amount in the consolidated financial statements	291,842	262,778
Included in the above assets and liabilities:		
Cash and cash equivalents	39,748	34,205
Current financial liabilities (excluding trade and other payables)	(15,696)	(16,877)
Non-current financial liabilities (excluding trade and other payables)	(95,476)	(115,771)

13. Joint ventures (continued)

	Year ended 31 December 2019 US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Revenue	42,507	29,098
Profit for the year	67,420	72,996
Total comprehensive income	67,420	72,996
Group's effective interest	50.00%	50.00%
Share of results (net of tax expense) of joint ventures	33,710	36,498
Included in the above profit:		
Depreciation and amortisation	(89)	(43)
Interest income	400	96
Interest expense	(5,802)	(4,992)
Income tax expense	(22,495)	(24,357)

(b) Z3 Project

Beijing Jintonggang Real Estate Development Co., Ltd. (referred to as "Jintonggang") is a property developer and constructor. The Group entered into a joint control of Jintonggang through acquiring 100% shares of five limited partnerships holding equity interests in Jintonggang, including Beijing Zhengqi Shangcheng Investment Center LLP, Beijing Zhengqi Shangxin Investment Center LLP, Beijing Zhengqi Shangde Investment Center LLP, Beijing Zhengqi Shangyu Investment Center LLP and Beijing Zhengqi Shanghui Investment Center LLP, jointly referred to as "Z3 Project".

13. Joint ventures (continued)

Summarised financial information of Z3 Project, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	31 December 2019
Non-current assets	1,011,182
Current assets	4,248
Non-current liabilities	(1,269)
Current liabilities	(24,666)
Equity	989,495
Group's effective interest	34.00%
Carrying amount in the consolidated financial statements	336,428
Included in the above assets and liabilities:	
Cash and cash equivalents	3,529

	Year ended 31 December 2019
Revenue	-
Loss for the year	(1,250)
Total comprehensive income	(1,250)
Group's effective interest	34.00%
Share of results (net of tax expense) of joint ventures	(425)
Included in the above profit:	
Interest income	26

(c) CVA I Fund

CVA I Fund is a limited partnership established in February 2018 by the Group and another third party investor with total equity commitments of RMB9.8 billion (equivalent to approximately US$1.4 billion). The Fund engages in acquisition and management of completed logistics and industrial assets in China.

13. Joint ventures (continued)

Summarised financial information of CVA I Fund, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	31 December 2019 US$'000	*31 December 2018* US$'000
Non-current assets	2,097,619	1,459,514
Current assets	271,433	364,876
Non-current liabilities	(785,159)	(294,088)
Current liabilities	(318,334)	(499,034)
Equity attributed to NCI	(231,358)	-
Equity attributed to the Group	1,034,201	1,031,268
Group's effective interest	18.37%	18.37%
Carrying amount in the consolidated financial statements	162,343	91,710
Included in the above assets and liabilities:		
Cash and cash equivalents	259,256	326,278
Current financial liabilities (excluding trade and other payables)	(1,533)	(5,620)
Non-current financial liabilities (excluding trade and other payables)	(709,728)	(257,093)

	Year ended 31 December 2019 US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Revenue	120,925	34,978
Profit for the year	80,071	82,758
Profit attributable to NCI	(13,352)	(16,183)
Profit attributable to the Group	66,719	66,575
Total comprehensive income	66,719	66,575
Group's effective interest	18.37%	18.37%
Share of results (net of tax expense) of joint ventures	12,256	12,230
Included in the above profit:		
Depreciation and amortisation	(99)	(11)
Interest expense	(28,030)	(5,365)
Interest income	1,683	3,823

14. Associates

	Notes	*31 December 2019* US$'000	*31 December 2018* US$'000
Zhongjin Jiaye (Tianjin) Commercial Real Estate Investment Center LLP ("Zhongjin Jiaye")	(a)	203,885	-
Zhuhai Hidden Hill Logistic Equity Investment Fund (LP) ("Hidden Hill Fund")	(b)	91,006	56,639
Others		371,854	301,862
		666,745	358,501

(a) Zhongjin Jiaye

On 23 April 2019, the Group acquired 58.63% equity interest of Zhongjin Jiaye through acquiring 100% equity interests of one limited partner of Zhongjin Jiaye. As at 31 December 2019 the Group has significant influence on Zhongjin Jieye through this acquisition.

Summarised financial information of Zhongjin Jiaye, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	31 December 2019 US$'000
Non-current assets	339,881
Current assets	8,739
Current liabilities	(860)
Net assets belonging to the owners	347,760
Group's interest in associates	58.63%
Carrying amount in the consolidated financial statements	203,885
Included in the above assets and liabilities:	
Cash and cash equivalents	1,140

14. Associates (continued)

	Year ended 31 December 2019 US$'000
Revenue	-
Profit for the year	(83)
Total comprehensive income	(83)
Group's effective interest	58.63%
Share of results (net of tax expense) of associates	(49)
Included in the above profit:	
Interest income	318

(b) Hidden Hill Fund

In May 2018, the Group invested 30.76% equity interest of Hidden Hill Fund, and the Group increased its equity interest in Hidden Hill Fund to 69.05% as at 31 December 2019. The Hidden Hill Fund is primarily controlled by its consulting committee board and investing committee board and the Group has significant influence in it through its membership in the board.

Summarised financial information of the Hidden Hill Fund, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	31 December 2019 US$'000	*31 December 2018* US$'000
Non-current assets	81,885	34,265
Current assets	159,802	52,907
Current liabilities	(26,856)	(4,334)
Non-controlling interests	(2,305)	-
Net assets belonging to the owners	212,526	82,838
Group's interest in associates	69.05%	30.76%
Carrying amount in the consolidated financial statements	91,006	56,639
Included in the above assets and liabilities:		
Cash and cash equivalents	158,042	52,907

14. Associates (continued)

	Year ended 31 December 2019 US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Revenue	-	-
Loss for the year	(30,710)	(4,338)
Total comprehensive income	(30,710)	(4,338)
Group's effective interest	69.05%	30.76%
Share of results (net of tax expense) of associates	(18,760)	(1,335)
Included in the above profit:		
Interest income	139	108

15. Deferred tax

in deferred tax assets and liabilities during the year are as follows:

	At 1 April/ 1 January US$'000	*Changes in accounting policy* US$'000	*Acquisition of subsidiaries (note 30)* US$'000	*Disposal of subsidiaries (note 30)* US$'000	*Effect of movement in exchange rates* US$'000	*Recognised in other comprehensive income (note 10)* US$'000	*Recognised in profit or loss* US$'000	*At 31 December* US$'000
Deferred tax assets								
31 December 2018								
Unutilised tax losses	36,076	-	-	(1,545)	(3,192)	-	4,057	35,396
Others	3,188	-	-	-	(262)	-	(380)	2,546
	39,264	-	-	(1,545)	(3,454)	-	3,677	37,942
31 December 2019								
Unutilised tax losses	35,396	-	-	(939)	(599)	-	1,538	35,396
Others	2,546	-	-	-	(59)	-	1,520	4,007
	37,942	-	-	(939)	(658)	-	3,058	39,403
Deferred tax liabilities								
31 December 2018								
Investment properties	(1,748,548)	-	-	242,909	161,904	-	(675,569)	(2,019,304)
Other investments	(29,368)	(7,378)	-	-	2,163	29,103	(8,063)	(13,543)
Others	(8,275)	-	-	-	678	-	1,090	(6,507)
	(1,786,191)	(7,378)	-	242,909	164,745	29,103	(682,542)	(2,039,354)
31 December 2019								
Investment properties	(2,019,304)	-	(2,533)	40,530	36,707	-	(355,337)	(2,299,937)
Other investments	(13,543)	-	-	-	631	(7,102)	(28,430)	(48,444)
Buildings held for own use carried at fair value	-	-	-	-	13	(1,102)	-	(1,089)
Others	(6,507)		-	-	118	-	(1,074)	(7,463)
	(2,039,354)	-	(2,533)	40,530	37,469	(8,204)	(384,841)	(2,356,933)

15. Deferred tax (continued)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts determined after appropriate offsetting are included in the statement of financial position as follows:

	31 December 2019 US$'000	*31 December 2018* US$'000
Deferred tax assets	8,840	8,114
Deferred tax liabilities	(2,326,370)	(2,009,526)

Deferred tax assets have not been recognised in respect of the following items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from:

	31 December 2019 US$'000	*31 December 2018* US$'000
Tax losses	483,104	408,741

Tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the subsidiaries operate. Unrecognised tax losses amounting to approximately US$483,104,000 (31 December 2018: US$408,741,000) will expire within 1 to 5 years.

The PRC income tax law and its relevant regulations impose a withholding tax at 10%, unless reduced by a tax treaty/arrangement, for dividend distributions out of earnings accumulated beginning on or after 1 January 2008. The Group has not recognised a deferred tax liability because it is probable that they will not be distributed to the holding company outside the PRC in the foreseeable future.

16. Property, plant and equipment

	Furniture, fittings and equipment US$'000	*Solar plants* US$'000	*Assets under construction* US$'000	*Buildings held for own use carried at fair value* US$'000 (note 11)	*Right-of-use assets* US$'000	*Total* US$'000
Cost						
At 1 April 2018	33,017	-	-	-	-	33,017
Acquisition of subsidiaries	1,324	-	-	-	-	1,324
Additions	6,870	-	-	-	-	6,870
Disposal of subsidiaries	(1,314)	-	-	-	-	(1,314)
Disposals	(1,040)	-	-	-	-	(1,040)
Effect of movements in exchange rates	(2,653)	-	-	-	-	(2,653)
At 31 December 2018	36,204	-	-	-	-	36,204
Acquisition of subsidiaries	3,176	-	-	-	52,248	55,424
Additions	57,061	-	13,478	71,403	18,470	160,412
Disposal of subsidiaries	(27)	(9,436)	(3,355)	-	-	(12,818)
Disposals	(4,333)	-	-	-	-	(4,333)
Transfers	-	10,059	(10,059)	-	-	-
Elimination on revaluation	-	-	-	(1,255)	-	(1,255)
Surplus on revaluation	-	-	-	4,407	-	4,407
Effect of movements in exchange rates	(1,194)	(185)	(64)	(862)	(765)	(3,070)
At 31 December 2019	90,887	438	-	73,693	69,953	234,971
Accumulated depreciation						
At 1 April 2018	(24,637)	-	-	-	-	(24,637)
Charge for the year	(2,894)	-	-	-	-	(2,894)
Disposals	978	-	-	-	-	978
Disposal of subsidiaries	1,204	-	-	-	-	1,204
Effect of movements in exchange rates	1,294	-	-	-	-	1,294
At 31 December 2018	(24,055)	-	-	-	-	(24,055)
Acquisition of subsidiaries	(1,364)	-	-	-	-	(1,364)
Charge for the year	(6,623)	(185)	-	(1,255)	(4,646)	(12,709)
Disposal of subsidiaries	22	173	-	-	-	195
Disposals	3,958	-	-	-	-	3,958
Elimination on revaluation	-	-	-	1,255	-	1,255
Effect of movements in exchange rates	332	4	-	-	54	390
At 31 December 2019	(27,730)	(8)	-	-	(4,592)	(32,330)
Carrying amounts						
At 1 April 2018	8,380	-	-	-	-	8,380
At 31 December 2018	12,149	-	-	-	-	12,149
At 31 December 2019	63,157	430	-	73,693	65,361	202,641

Further details on fair value measurement of buildings held for own use carried at fair value are set out in note 11(a) and 11(b).

17. Intangible assets

	Goodwill US$'000	Trademark US$'000	Non-competition US$'000	License rights US$'000	Total US$'000
Cost					
At 1 April 2018	307,491	25,920	4,330	1,015	338,756
Effect of movements in exchange rates	(26,196)	(2,209)	-	(86)	(28,491)
At 31 December 2018	281,295	23,711	4,330	929	310,265
Disposal	-	-	(4,330)	-	(4,330)
Effect of movements in exchange rates	(4,556)	(384)	-	(16)	(4,956)
At 31 December 2019	276,739	23,327	-	913	300,979
Accumulated amortisation					
At 1 April 2018	-	(9,965)	(4,330)	(486)	(14,781)
Charge for the year	-	(1,007)	-	(152)	(1,159)
Effect of movements in exchange rates	-	888	-	45	933
At 31 December 2018	-	(10,084)	(4,330)	(593)	(15,007)
Charge for the year	-	(1,325)	-	(196)	(1,521)
Disposal	-	-	4,330	-	4,330
Effect of movements in exchange rates	-	179	-	12	191
At 31 December 2019	-	(11,230)	-	(777)	(12,007)
Carrying amounts:					
At 1 April 2018	307,491	15,955	-	529	323,975
At 31 December 2018	281,295	13,627	-	336	295,258
At 31 December 2019	276,739	12,097	-	136	288,972

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units (CGU) identified according to country of operation and operating segment, carrying amount of each CGU as follows:

	31 December 2019 US$'000	*31 December 2018* US$'000
GLP China (note)	224,031	227,720
ACL Group	52,708	53,575
Total	276,739	281,295

Note: Relates to the leasing of logistic facilities and provision of asset management services in China and excludes the ACL Group.

17. Intangible assets (continued)

(a) GLP China

The recoverable amount of the CGU is determined based on fair value less costs of disposal. The CGU comprises following categories: development business, fund management, investment properties, financial service and other investments as at 31 December 2019. In determining fair value, a combination of approaches were used, including the direct comparison, income capitalisation, discounted cash flow and residual approaches. The direct comparison approach involves the analysis of comparable properties or public companies, the Group invests in companies listed in active markets, and these equity securities are stated at their fair values at the reporting date. The income capitalisation approach capitalises an income stream into a present value using single-year capitalisation rates, and the income stream used is adjusted to market rentals currently being achieved within comparable investment properties and recent leasing transactions achieved within the investment property. The discounted cash flow approach requires the valuer to assume a rental growth rate indicative of market and the selection of a target internal rate of return consistent with current market requirements. The residual approach values properties under development and land held for development by reference to its development potential and deducting development costs to be incurred, together with developers' profit margin, assuming it was completed as at the date of valuation.

Key assumptions on which management has based its determination of fair value less costs to sell or disposal are capitalisation rate 4.00% - 7.00% (31 December 2018: 4.25% - 7.00%), discount rate 6.60% - 11.44% (31 December 2018: 7.06% - 11.23%), terminal yield rate 4.00% - 7.00% (31 December 2018: 4.25% - 6.75%). The Group believes that any reasonably possible changes in the above key assumptions applied are not likely to materially cause the recoverable amount to be lower than its carrying amount.

(b) ACL Group

The recoverable amount of the CGU is determined based on value in use calculation. The value in use calculation is a discounted cash flow model using cash flow projections based on the most recent budgets and forecasts approved by management covering ten years. Cash flows beyond these periods are extrapolated using the estimated terminal growth rate. The discount rate applied is the weighted average cost of capital from the relevant business segment. The terminal growth rate used does not exceed management's expectation of the long-term average growth rate of the respective industry and country in which the CGU operates. The discount rate and terminal growth rate used as at 31 December 2019 are 7.5% and 3% respectively (31 December 2018: 7.5% and 3%). The Group believes that any reasonably possible changes in the above key assumptions applied are not likely to materially cause the recoverable amount to be lower than its carrying amount.

18. Other investments

	31 December 2019 US$'000	31 December 2018 US$'000
Listed equity securities – at FVOCI (non-recycling)	590,047	346,901
Unlisted equity securities – at FVTPL	1,026,406	717,762
	1,616,453	1,064,663

Listed equity securities comprise 6.10% (31 December 2018: 6.10%) interest in Shenzhen New Nanshan Holding (Group) Co., Ltd. ("SNNH"), which is listed on Shenzhen Stock Exchange, 15.45% (31 December 2018: 15.45%) interest in China Materials Storage and Transportation Development Co., Ltd. ("CMSTD"), which is listed on the Shanghai Stock Exchange, 1.47% (31 December 2018: 0.89%) interest in Shanghai Lingang Holdings Co., Ltd. ("SHLG") and 10.00% (31 December 2018: nil) interest in Beijing Vantone Real Estate Co., Ltd. ("BJ Vantone"), which are listed on the Shanghai Stock Exchange. The Group designated these investments at FVOCI (non-recycling), as these investments are held for strategic purposes. Dividend income amounting to approximately US$2,307,000 was recognised from these investments during the year (2018: nil).

In May 2019, the Group purchased 10.00% equity interests in BJ Vantone at a consideration of approximately US$119,698,000.

19. Other non-current assets

	31 December 2019 US$'000	31 December 2018 US$'000
Trade receivables	44,340	36,985
Deposits	-	999
Prepayments	48,442	75,732
Finance lease receivables	16,130	52,065
Loans to joint ventures	65,662	164,622
Loans to associates	12,226	43,688
Loans to third parties	15,740	22,417
Others	1,107	-
	203,647	396,508

The loans to joint ventures are repayable after one year, and bear interest rate ranging from 5.39% to 7.90% per annum (31 December 2018: 3.28% to 6.50%).

The loans to associates are repayable after one year, and bear interest rate at 10.00% per annum (31 December 2018: 8.00% to 10.00%).

The loans to third parties in relation to new strategic investments are unsecured, repayable after one year, and bear interest rate at 18.00% per annum (31 December 2018: 8.00% to 18.00%).

20. Trade and other receivables

	31 December 2019 US$'000	*31 December 2018* US$'000
Net trade receivables:		
- Trade receivables	58,536	68,445
- Impairment losses	(2,984)	(2,914)
	55,552	65,531
Net finance lease receivables:		
- Finance lease receivables	157,777	180,553
- Impairment losses	(22,444)	(11,372)
	135,333	169,181
Amounts due from joint ventures:		
- Trade	23,377	8,806
- Non-trade	245,328	416,269
- Loans to joint ventures	56,799	82,260
	325,504	507,335
Amounts due from associates:		
- Trade	44,388	13,786
- Non-trade	22	15
- Loans to associates	163,143	144,286
	207,553	158,087
Amounts due from non-controlling interests:		
- Non-trade	2,966	3,390
- Loans to non-controlling interests	7,640	5,931
	10,606	9,321
Amounts due from intermediate holding company:		
- Non-trade	-	160,275
Amounts due from related parties:		
- Non-trade	26,085	11,840
Loans to third parties	126,884	349,638
Loans to employees	8,779	-
Deposits	182,256	182,225
Notes receivables	-	3,705
Net other receivables:		
- Other receivables	233,464	131,028
- Impairment losses	(56)	(12)
	233,408	131,016
Prepayments	77,846	66,914
	1,389,806	1,815,068

The non-trade amounts due from joint ventures, associates, non-controlling interests, intermediate holding company and related parties are unsecured, interest-free and repayable on demand.

The loans to joint ventures, associates and non-controlling interests are unsecured, bear effective interests ranging from 6.00% to 10.00% (31 December 2018: 6.00%% to 10.00%) per annum at the reporting date and are repayable within the next 12 months.

20. Trade and other receivables (continued)

The loans to third parties in relation to acquisition of new investments are secured, repayable within the next 12 months, and bear effective interest ranging from 4.90% to 12.00% (31 December 2018: 4.90% to 15.00%) per annum, except for US$10,835,000 which is interest-free upon completion of the acquisition (31 December 2018: US$185,274,000 which is interest-free upon completion of the acquisition). The other loans to third parties are secured, repayable within the next 12 months and bear effective interests ranging from 12.00% to 13.00% (31 December 2018: 10.00% to 15.00%) per annum.

Deposits include an amount of approximately US$168,578,000 (31 December 2018: US$178,832,000) in relation to the acquisition of new investments. Other receivables comprise principally interest receivables and other recoverables.

(a) Aging analysis

As of the end of the reporting period, the aging analysis of trade receivables based on the invoice date and net of allowance for doubtful debts, is as follows:

	31 December 2019 US$'000	*31 December 2018* US$'000
Within 1 month	43,013	53,810
1 to 2 months	4,662	6,569
2 to 3 months	1,048	822
Over 3 months	6,829	4,330
	55,552	65,531

Trade receivables are due on the date of billing. Further details on the Group's credit policy are set out in note 31(a).

(b) Impairment of trade and other receivables

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

20. Trade and other receivables (continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets as at 31 December 2019:

	Expected loss rate %	*Gross carrying amount* US$'000	*Loss allowance* $'000
Within 1 month	0.68	43,308	(293)
1 to 2 months	6.68	4,996	(334)
2 to 3 months	12.29	1,194	(147)
3 to 6 months	9.36	3,285	(307)
7 to 12 months	13.96	4,475	(625)
Over 12 months	100	1,278	(1,278)
		58,536	(2,984)

The following table provides information about the Group's exposure to credit risk and ECLs for finance lease receivables and contract assets as at 31 December 2019:

	Expected loss rate %	*Gross carrying amount* US$'000	*Loss allowance* $'000
Within 2 months	3.07	111,014	(3,406)
2 to 4 months	23.31	15,762	(3,674)
4 to 6 months	34.21	11,521	(3,942)
6 to 8 months	42.49	5,881	(2,499)
8 to 10 months	48.20	5,147	(2,481)
10 to 12 months	56.40	4,611	(2,601)
Over 12 months	100.00	3,841	(3,841)
		157,777	(22,444)

Expected loss rates are based on actual loss experience over the past 12 months. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

20. Trade and other receivables (continued)

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	31 December 2019 US$'000	*31 December 2018* US$'000
Balance at 1 January/April	14,298	10,810
Impairment loss recognised	12,774	4,579
Impairment loss reversed	(599)	(983)
Acquisition of subsidiaries	(624)	(73)
Translation differences	(365)	(35)
Balance at 31 December	25,484	14,298

Credit risk arising from loans to associates, the loans to non-controlling interests and the loans to third parties

The loans to joint ventures, the loans to associates, the loans to non-controlling interests and the loans to third parties are repayable within the next 12 months. The Group considers that the credit risk arising from the loans are insignificant as the loans are within the credit period.

21 Asset classified as held for sale

	31 December 2019 US$'000	*31 December 2018* US$'000
An investment property	76,011	-

The Group entered into an agreement with a third party on 19 November 2019 to dispose of an investment property at a consideration of approximately US$76,011,000. Nevertheless, certain assets transfer procedures are still in process and such disposal is expected to be completed in the near future. As a result, such exploration and evaluation assets are presented as assets classified as held for sale as at 31 December 2019.

22. Cash and cash equivalents

(a) Cash and cash equivalents comprise:

	31 December 2019 US$'000	*31 December 2018* US$'000
Fixed deposits	91,292	10,635
Cash at bank	768,423	611,190
Restricted cash	-	41,471
Cash and cash equivalents	859,715	663,296

The effective interest rates relating to fixed deposits and certain cash at bank balances at the reporting date for the Group ranged from 1.10% to 2.30% (31 December 2018: 1.10% to 2.10%) and 0.03% to 0.35% (31 December 2018: 0.05% to 0.35%) per annum respectively.

22. Cash and cash equivalents (continued)

(b) Reconciliation of liabilities arising from financing activities:

The table below details changes in the company's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the cash flow statement as cash flows from financing activities.

	Loans and borrowings (note 26) US$'000	*Loans from intermediate holding company (note 27,28)* US$'000	*Loans from non-controlling interests, joint ventures and third parties (note 28)* US$'000	*Notes payable (note 28)* US$'000	*Total* US$'000
At 1 April 2018	4,259,700	1,891,484	42,603	5,254	6,199,041
Changes from financing cash flows:					
Proceeds from bank loans	2,083,717	-	-	-	2,083,717
Repayment of bank loans	(2,059,496)	-	-	-	(2,059,496)
Proceeds from issue of bonds	2,187,195	-	-	-	2,187,195
Proceeds of loans from intermediate holding company	-	267,000	-	-	267,000
Repayment of loans from intermediate holding company	-	(1,373,395)	-	-	(1,373,395)
Proceeds of loans from non-controlling interests	-	-	2,567	-	2,567
Repayment of loans from non-controlling interests	-	-	(36,520)	-	(36,520)
Proceeds of loans from joint ventures	-	-	31,472	-	31,472
Proceeds of loans from third parties	-	-	5,772	-	5,772
Total changes from financing cash flows	2,211,416	(1,106,395)	3,291	-	1,108,312
Other changes:					
Acquisition of subsidiaries (note 30)	76,331	-	-	-	76,331
Disposal of subsidiaries (note 30)	(79,037)	-	-	-	(79,037)
Effect of movements in exchange rates	(338,318)	165,135	(1,725)	3	(174,905)
Others	-	-	-	(894)	(894)
Total other changes	(341,024)	165,135	(1,725)	(891)	(178,505)
At 31 December 2018	6,130,092	950,224	44,169	4,363	7,128,848

22. Cash and cash equivalents (continued)

	Loans and borrowings (note 26) US$'000	*Loans from intermediate holding company (note 27)* US$'000	*Loans from non-controlling interests, joint ventures and third parties (note 28)* US$'000	*Notes payable (note 28)* US$'000	*Lease liabilities (note 29)* US$'000	*Total* US$'000
At 1 January 2019	6,130,092	950,224	44,169	4,363	-	7,128,848
Changes from financing cash flows:						
Proceeds from bank loans	2,689,225	-	-	-	-	2,689,225
Repayment of bank loans	(1,824,551)	-	-	-	-	(1,824,551)
Proceeds from issue of bonds	1,299,113	-	-	-	-	1,299,113
Repayment of bonds	(205,171)	-	-	-	-	(205,171)
Repayment of loans from intermediate holding company	-	(498,670)	-	-	-	(498,670)
Repayment of loans from non-controlling interests	-	-	(421)	-	-	(421)
Proceeds of loans from joint ventures	-	-	26,494	-	-	26,494
Proceeds of loans from third parties	-	-	2,702	-	-	2,702
Repayment of loans from third parties	-	-	(4,364)	-	-	(4,364)
Cash payments for principal portion of leased liabilities	-	-	-	-	(2,273)	(2,273)
Cash payments for interest portion of leased liabilities	-	-	-	-	(2,308)	(2,308)
Total changes from financing cash flows	1,958,616	(498,670)	24,411	-	(4,581)	1,479,776
Other changes:						
Acquisition of subsidiaries (note 30)	156,342	-	-	-	29,914	186,256
Disposal of subsidiaries (note 30)	(24,382)	-	-	-	-	(24,382)
Additions	-	-	-	-	20,778	20,778
Net off with a related party	-	-	(32,088)	-	-	(32,088)
Effect of movements in exchange rates	(30,107)	-	(701)	(71)	(623)	(31,502)
Others	-	-	-	(729)	-	(729)
Total other changes	101,853	-	(32,789)	(800)	50,069	118,333
At 31 December 2019	8,190,561	451,554	35,791	3,563	45,488	8,726,957

23 Restricted cash

	31 December 2019 US$'000	*31 December 2018* US$'000
Restricted cash	67,294	-

As at 31 December 2019, the restricted cash represents restricted bank deposit under the Group's bank account. This bank deposit can be convertible to demand deposits under the authorization of both the Group and a third party.

24. Share capital and capital management

(a) *Movements in components of equity*

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

Company	*Share capital* US$'000	*Currency translation reserve* US$'000	*Retained earnings* US$'000	*Total* US$'000
Balance at 1 April 2018	6,950,825	(135,114)	(14,245)	6,801,466
Changes in equity for the year:				
Total comprehensive income for the year	-	(572,439)	(301,234)	(873,673)
Balance at 31 December 2018	6,950,825	(707,553)	(315,479)	5,927,793
Changes in equity for the year:				
Total comprehensive income for the year	-	(44,191)	(228,909)	(273,100)
Balance at 31 December 2019	6,950,825	(751,744)	(544,388)	5,654,693

(b) *Share capital*

Issued share capital

	31 December	
	No. of shares '000	US$'000
Ordinary shares, issued and fully paid:	6,948,442	6,950,825

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company do not have a par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(c) *Dividends*

The Board of Directors has resolved not to propose dividends in respect of the year ended 31 December 2019.

24. Share capital and capital management (continued)

(d) Capital management

The Group's objectives when managing capital are to build a strong capital base so as to sustain the future developments of its business and to maintain an optimal capital structure to maximise shareholder's value. The Group defines "capital" as including all components of equity plus loans from its intermediate holding company and related corporations with no fixed terms of repayment.

The Group's capital structure is regularly reviewed and managed with due regard to the capital management practices of the Group to which the Company belongs. Adjustments are made to the capital structure in light of changes in economic conditions, regulatory requirements and business strategies affecting the Group.

The Group also monitors capital using a net debt to equity ratio, which is defined as net borrowings divided by total equity (including non-controlling interests).

	31 December 2019 US$'000	*31 December 2018* US$'000
Loans and borrowings	8,190,561	6,130,092
Loans from intermediate holding company	451,554	950,224
Loans from non-controlling interests	6,363	6,883
Loans from third parties	4,063	5,814
Loan from jointly-controlled entities	25,365	31,472
Notes payable	3,563	4,363
Lease liability	45,488	-
Total debt	8,726,957	7,128,848
Less: cash and cash equivalents	(859,715)	(663,296)
Net debt	7,867,242	6,465,552
Total equity	14,827,736	12,969,240
Net debt to equity ratio	53.06%	49.85%

The Group seeks to strike a balance between the higher returns that might be possible with higher levels of borrowings and the liquidity and security afforded by a sound capital position.

There were no changes in the Group's approach to capital management during the year.

During 2019, the company's strategy, which was unchanged from 31 December 2018, was to maintain an adjusted net debt-to-asset ratio of no more than 55%. In order to maintain or adjust the ratio, the company may adjust the amount of dividends paid to shareholders, issue new shares or request new loans from other group companies or sell assets to reduce debt.

24. Share capital and capital management (continued)

All of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 31(b). As at 31 December 2019, none of the covenants relating to drawn down facilities had been breached (31 December 2018: nil).

25. Reserves

	31 December 2019 US$'000	*31 December 2018* US$'000
Capital reserve	(8,331)	(1,259)
Equity compensation reserve	36,849	36,849
Currency translation reserve	(847,682)	(686,260)
Fair value reserve (non-recycling)	32,854	(20,058)
Property revaluation reserve	3,305	-
Other reserve	(1,554,630)	(1,554,630)
Retained earnings	6,452,085	5,642,973
	4,114,450	3,417,615

The capital reserve comprises mainly equity transactions gain or loss from the changes in the Group's interests in a subsidiary that do not result in a loss of control and the Group's share of the statutory reserve of its PRC-incorporated subsidiaries. Statutory reserve of its PRC-incorporated subsidiaries was transferred from retained earnings in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries incorporated in PRC, and were approved by the respective board of directors. As at 31 December 2019, retained earnings includes approximately US$49,530,000 (31 December 2018: US$20,153,000) to be transferred to statutory reserve before distribution of any dividends to shareholders in the future.

The equity compensation reserve comprises the cumulative value of employee services received for the issue of the shares under the GLP Performance Share Plan and Restricted Share Plan.

The property revaluation reserve has been set up and is dealt with in accordance with the accounting policies adopted for buildings held for own use carried at fair value.

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under HKFRS 9 that are held at the end of the reporting period (see note 2(h)).

Other reserve mainly represents capital contributions from the immediate holding company and the merger reserve which was the difference between the Company's share of the nominal value of the paid-up capital and capital reserve related to shareholders' injection of the subsidiaries acquired over the nominal value of the ordinary shares issued by the Company.

26. Loans and borrowings

	31 December 2019 US$'000	*31 December 2018* US$'000
Non-current liabilities		
Secured bank loans	2,642,396	1,512,249
Secured bonds	428,595	218,372
Unsecured bank loans	567,914	297,859
Unsecured bonds	3,376,550	2,442,454
	7,015,455	4,470,934
Current liabilities		
Secured bank loans	449,971	684,374
Secured bonds	16,302	141
Unsecured bank loans	699,751	832,632
Unsecured bonds	9,082	142,011
	1,175,106	1,659,158

The secured bank loans and secured bonds are secured by mortgages on the borrowing subsidiaries' investment properties with a carrying amount of approximately US$13,035,696,000 (31 December 2018: US$9,020,340,000) (note 11).

The effective interest rates for bank borrowings ranged from 1.25% to 6.50% (31 December 2018: 1.25% to 6.50%) per annum.

27. Other non-current liabilities

	31 December 2019 US$'000	*31 December 2018* US$'000
Security deposits received	65,942	69,675
Provision for reinstatement costs	86	87
Contract liabilities	1,610	2,826
Loans from intermediate holding company	451,554	950,224
Lease liabilities (note 29)	42,102	-
Others	6,210	-
	567,504	1,022,812

The loans from intermediate holding company is unsecured and bear effective interests ranging from 3.95% to 5.94% (31 December 2018: 3.95% to 6.10%) per annum as at the reporting date and will be settled in accordance with the repayment schedule after more than one year.

28. Trade and other payables

	31 December 2019 US$'000	31 December 2018 US$'000
Trade payables	3,547	7,811
Notes payable	3,563	4,363
Accrued construction costs	486,715	483,469
Accrued operating expenses	63,618	36,053
Contract liabilities	41,627	34,548
Interest payable	105,840	82,070
Security deposits received	100,209	72,919
Amounts due to:		
- Intermediate holding company (trade)	36,647	32,177
- Related parties (non-trade)	6,801	16,925
- Non-controlling interests (trade)	3,018	1,816
- Non-controlling interests (non-trade)	23,790	4,466
- Joint ventures (trade)	1,238	664
- Joint ventures (non-trade)	213	215
Interest payable on loans from intermediate holding company	60,322	59,702
Loans from non-controlling interests	6,363	6,883
Interest payable on loans from non-controlling interests	403	371
Loan from joint ventures	25,365	31,472
Interest payable on loans from joint ventures	233	16
Loans from third parties	4,063	5,814
Interest payable on loans from third parties	142	-
Consideration payable for acquisition of subsidiaries	222,525	227,119
Deposits received and accrued expenses for disposal of investment properties	55,098	56,005
Consideration payable for acquisition of investment properties	8,371	14,423
Consideration payable for acquisition of other investments	-	18,000
Other payables	179,753	83,862
Lease liabilities (note 29)	3,386	-
	1,442,850	1,281,163

The non-trade amounts due to non-controlling interests, joint ventures and related parties are unsecured, interest-free and have no fixed repayment terms. The loans from non-controlling interests, joint ventures and third parties are unsecured and repayable on demand. The interest-bearing loans from joint ventures, non-controlling interests and third parties bear effective interests ranging from 3.92% to 8.00% (31 December 2018: 4.00% to 8.00%) per annum as at the reporting date.

29. Lease liabilities

The remaining contractual maturities of the Group's lease liabilities at the end of the reporting year are as follows:

	At 31 December 2019	
	Present value of the minimum lease payments	*Total minimum lease payments*
	$'000	$'000
Within 1 year	3,386	5,788
After 1 year but within 2 years	2,855	5,035
After 2 years but within 5 years	10,297	15,959
After 5 years	28,950	36,316
	45,488	63,098
Less: total future interest expenses		(17,610)
Present value of lease liabilities		45,488

30. Notes to the statement of cash flows

Acquisition of subsidiaries

The primary reason for the Group's acquisitions of subsidiaries is to expand its portfolio of investment properties held in the PRC and possession of qualification for architecture designing.

(i) The list of subsidiaries acquired during the year ended 31 December 2019 is as follows:

Name of subsidiaries	*Date acquired*	*Equity interest acquired* %
Chongqing Minzhao Internet of Things Technology Co., Ltd.	March 2019	95
Jinan Buffalo Supply Chain Management Co., Ltd.	March 2019	85
Shanghai Aolun Industry Co., Ltd.	March 2019	100
Guofu Huijin (Tianjin) Investment Management LLP	April 2019	100
Huai'an Pufu Technology Development Co., Ltd.	June 2019	100
Nan'an Civil and Commercial Internet of Things Technology Development Co., Ltd.	June 2019	95
Shanghai Fuhe Industrial Development Co., Ltd.	June 2019	70
Beijing Zongheng Qiyun Information Technology Co., Ltd.	June 2019	100
Guangzhou G7 Logistics Co., Ltd.	July 2019	100
Dongguan Fumanduo Food Co., Ltd.	August 2019	100
Minshang (Hefei) Internet of Things Technology Development Co., Ltd.	September 2019	90
Shaoxing Pujian Science & Technology Industrial Development Co., Ltd.	September 2019	51
Minshang (Ganjiang New Zone) Internet of Things Technology Development Co., Ltd.	November 2019	95
Shanghai Zhongji Yangshan Container Services Co., Ltd.	November 2019	100
Chengdu Times Noah Ark Education Software Co., Ltd.	November 2019	100
Chengdu Times Noah Ark Information Technology Co., Ltd.	November 2019	100
Chengdu Chenggong Xinye Industrial Co., Ltd.	November 2019	73
Guangzhou Zhengongfu Supply Chain Co., Ltd.	November 2019	70
Tianjin Minxi Internet of Things Technology Development Co., Ltd.	December 2019	95
Shenzhen Dekai Vehicle Electronic Co., Ltd.	December 2019	100
Hangzhou Xinheng Corporate Management Co., Ltd.	December 2019	95
Hangzhou Xinke Corporate Management Co., Ltd.	December 2019	95
Zhengzhou Haoxiangni Warehousing & Logistics Co., Ltd.	December 2019	51
Zhonghang Cloud Data (Shenzhen) Co., Ltd.	December 2019	100

30. Notes to the statement of cash flows (continued)

(ii) The list of subsidiaries acquired during the year ended 31 December 2018 is as follows:

Name of subsidiaries	*Date acquired*	*Equity interest acquired* %
Hongjin (Beijing) Sports Equipment Co., Ltd.	April 2018	100
Changsha Wangcheng Jingyang Logistics Facilities Co., Ltd.	May 2018	80
Shanghai Sanaier Zhenhua Logistics Co., Ltd.	June 2018	100
Beijing Sifang Tianlong Medicine Logistic Co., Ltd.	July 2018	100
Huayuan Group Ningbo New Material Co., Ltd.	July 2018	100
Hunan Landun Machinery & Equipment Co., Ltd.	July 2018	98
Dexin Telecommunications Technology (Hangzhou) Co., Ltd.	July 2018	100
Kunshan Createc Automation Tech Co., Ltd.	August 2018	100
Shanghai Puguang Logistic Development Co., Ltd.	September 2018	100
Ningbo Anqirui Technology Co., Ltd.	September 2018	100
Ningbo Yongrui Zhibo Technology Co., Ltd.	September 2018	100
Ningbo Zhida Hongchuang Technology Co., Ltd.	September 2018	100
Beijing Gangtong Sifang Logistics Co., Ltd.	October 2018	100
East Europe Energy New Technology (Shanghai) Development Cooperation Center Co., Ltd.	October 2018	100
Shanghai Junbo Textile Co., Ltd.	November 2018	80
Haimei (Taicang) Intelligent Technology Development Co., Ltd.	December 2018	70
Hubei Hanhong Tongrui Technology Co., Ltd.	December 2018	51
Guangzhou Xiangxue Airport Cross Border Logistics Co., Ltd.	December 2018	51
Hengtong Group Shanghai Electronic Technology Co., Ltd.	December 2018	100
Kanglian International Food (Hangzhou) Co., Ltd.	December 2018	100
Sanhui Food Logistic (Tianjin) Co., Ltd.	December 2018	90
Shenzhen Lingxian Technology Co., Ltd.	December 2018	55
Tianjin Xiangzhan Logistics Co., Ltd.	December 2018	100

30. Notes to the statement of cash flows (continued)

Effect of the acquisitions

The cash flow and the net assets of the subsidiaries acquired during the year ended 31 December 2019 are provided below:

	Year ended 31 December 2019 Recognised values on acquisition US$'000	*Year from 1 April 2018 to 31 December 2018 Recognised values on acquisition* US$'000
Investment properties	952,988	1,170,548
Property, plant and equipment	54,060	1,324
Interests in associates	211,379	-
Other assets	92	-
Cash and cash equivalents	53,621	7,472
Trade and other receivables	33,029	37,184
Trade and other payables	(134,002)	(155,455)
Loans and borrowings	(156,342)	(76,331)
Current tax payable	-	63
Deferred tax liabilities	(2,533)	-
Other non-current liabilities	(29,995)	-
Non-controlling interests	(149,437)	(122,361)
Net assets acquired	832,860	862,444
Gain on acquisition of a subsidiary	(957)	-
Purchase consideration	831,903	862,444
Consideration payable	(154,232)	(175,957)
Cash of subsidiaries acquired	(53,621)	(7,472)
Satisfied in cash in relation to prior years	150,114	67,996
Cash outflow on acquisition of subsidiaries	774,164	747,011

The total related acquisition costs for the above-mentioned subsidiaries amounted to approximately US$831,903,000 (year ended 31 December 2018: US$862,444,000). From the dates of acquisitions to 31 December 2019, the above-mentioned acquisitions contributed net loss of approximately US$3,810,000 to the Group's results for the year, before accounting for financing costs attributable to the acquisitions. If the acquisitions have occurred on 1 January 2019, management estimates that the above-mentioned acquisitions would contribute approximately US$10,746,000 and US$5,696,000 to the Group's revenue and net loss respectively for year ended 31 December 2019.

30. Notes to the statement of cash flows (continued)

Disposal of subsidiaries

During the year ended 31 December 2019, the Group sold equity interest in Weilun Storage Services Co., Ltd., GLP Nanjing Jiangning Development Co.Ltd., GLP Suzhou Puping Logistics Facilities Co., Ltd., GLP Tangshan Logistics Facilities Co., Ltd., and Chongqing Pujia Logistics Facilities Co., Ltd. to CVA I Fund (see note 13).

During the year ended 31 December 2019, the Group sold equity interest in Suzhou Industrial Park Pushang Bofeng New Energy Co., Ltd., Shanghai Puyi New Energy Co., Ltd., Suzhou Industrial Park Pufeng New Energy Co., Ltd. and Beijing Pushun New Energy Co., Ltd. to a wholly owned subsidiary of GSP Renewable Energy Pte. Ltd. ("Brookfield JV") which is a joint venture of the Group and the Group holds 50% equity interest on it.

(i) The list of subsidiaries disposed during the year ended 31 December 2019 is as follows:

Name of subsidiaries	*Date disposed*	*Equity interest disposed* %
Weilun Storage Services Co., Ltd.	August 2019	100
GLP Nanjing Jiangning Development Co.Ltd.	October 2019	100
GLP Suzhou Puping Logistics Facilities Co., Ltd.	November 2019	100
GLP Tangshan Logistics Facilities Co., Ltd.	December 2019	100
Chongqing Pujia Logistics Facilities Co., Ltd.	December 2019	100
Suzhou Industrial Park Pushang Bofeng New Energy Co., Ltd.	December 2019	100
Shanghai Puyi New Energy Co., Ltd.	December 2019	100
Suzhou Industrial Park Pufeng New Energy Co., Ltd.	December 2019	100
Beijing Pushun New Energy Co., Ltd.	December 2019	100

30. Notes to the statement of cash flows (continued)

(ii) The list of subsidiaries disposed during the year ended 31 December 2018 is as follows:

Name of subsidiaries	*Date disposed*	*Equity interest disposed* %
Suzhou Industrial Park Genway Factory Building Industrial Co., Ltd.	May 2018	70
Shanghai Sanaier Zhenhua Logistics Co., Ltd.	September 2018	100
Shanghai Yuhang Anting Logistics Co., Ltd.	November 2018	100
GLP Zhengzhou ILZ Logistics Facilities Co., Ltd.	December 2018	100
Zhonghui (Nanjing) Curtain Wall Technology Co., Ltd.	December 2018	100
GLP Suzhou Development Co., Ltd.	December 2018	80
GLP Changzhou Tianning Logistics Facilities Co., Ltd.	December 2018	100
GLP Deqing Pu'an Logistics Facilities Co., Ltd	December 2018	100
Changchun CMT International Logistic Co., Ltd.	December 2018	100
Shen Yang GLP Jifa Logistics Development Co. Ltd.	December 2018	100
GLP Wangcheng EDZ Logistics Facilities Co., Ltd.	December 2018	100
GLP Shenyang Punan Logistics Facilities Co., Ltd.	December 2018	100
Wuhan Puling Warehousing Services Co., Ltd.	December 2018	100
Nantong Puling Warehousing Service Co., Ltd.	December 2018	100
Chongqing Puqing Warehousing Service Co., Ltd.	December 2018	100

30. Notes to the statement of cash flows (continued)

Effect of the disposals

The cash flow and the net assets of the subsidiaries disposed during the year ended 31 December 2019 are provided below:

	Year ended 31 December 2019 Recognised values on disposal US$'000	*Year from 1 April 2018 to 31 December 2018 Recognised values on disposal* US$'000
Investment properties	326,663	1,634,627
Property, plant and equipment	12,623	110
Deferred tax assets	939	1,545
Other assets	223	555
Trade and other receivables	2,681	19,986
Cash and cash equivalents	31,106	83,689
Trade and other payables	(63,467)	(146,434)
Loans and borrowings	(24,382)	(79,037)
Current tax payable	(411)	(1,456)
Deferred tax liabilities	(40,530)	(242,909)
Non-controlling interests	-	(181,783)
Net assets disposed	245,445	1,088,893
Gain on disposal of subsidiaries	38,326	163,973
Disposal consideration	283,771	1,252,866
Consideration receivable	(222,779)	(415,956)
Cash of subsidiaries disposed	(31,106)	(83,689)
Satisfied in cash in relation to prior years	418,243	107,471
Cash inflow on disposal of subsidiaries	448,129	860,692

From 1 January 2019 to dates of disposals, the above-mentioned subsidiaries contributed approximately US$12,729,000 and US$6,931,000 to the Group's revenue and net profit respectively for the year ended 31 December 2019.

31. Financial risk management and fair values of financial instruments

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents, bills receivable and derivative financial assets is limited because the counterparties are banks and financial for which the Group considers to have low credit risk.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due from the date of billing. Debtors with balances that are more than 6 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 20.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

31. Financial risk management and fair values of financial instruments (continued)

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's and the Company's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and the Company can be required to pay:

			Cash flows		
	Carrying amount US$'000	*Contractual cash flows* US$'000	*Within 1 year* US$'000	*From 1 to 5 years* US$'000	*After 5 years* US$'000
31 December 2019					
Bank loans	4,360,032	5,139,170	1,285,476	2,570,121	1,283,573
Secured bonds	444,897	758,593	36,681	92,724	629,188
Unsecured bonds	3,385,632	3,838,515	183,831	3,653,865	819
Trade and other payables/other non-current liabilities *	1,967,117	2,001,174	1,419,636	574,171	7,367
	10,157,678	11,737,452	2,925,624	6,890,881	1,920,947
31 December 2018					
Bank loans	3,327,114	3,742,673	1,635,727	1,566,725	540,221
Secured bonds	218,513	392,084	11,088	48,351	332,645
Unsecured bonds	2,584,465	2,984,018	276,354	2,707,664	-
Trade and other payables/other non-current liabilities *	2,266,601	2,316,633	1,285,665	1,030,968	-
	8,396,693	9,435,408	3,208,834	5,353,708	872,866

* Excludes contract liabilities.

(c) *Interest rate risk*

The Group's interest rate risk arises primarily from long-term borrowings and cash and cash equivalents.

Cash and cash equivalents and restricted cash comprise mainly cash at bank, with an interest rate ranged from 0.05% to 2.30% per annum as at 31 December 2019 (31 December 2018: 0.05% to 2.10% per annum). Pledged bank deposits and time deposits maturing after three months are not held for speculative purposes but are placed to satisfy conditions for borrowing facilities granted to the Group and for higher yield returns than cash at bank.

The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. The interest rates and terms of repayment of the loans and borrowings are disclosed in note 26.

The Group manages the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. When appropriate and at times of interest rate uncertainty or volatility, interest rate swaps may be used to assist in the Group's management of interest rate exposure.

31. Financial risk management and fair values of financial instruments (continued)

(i) Interest rate profile

The following table details the interest rate profile of the Group's loans and borrowings at the balance sheet date:

	Year ended 31 December 2019		*Year from 1 April 2018 to 31 December 2018*	
	Effective interest rate %	US$'000	*Effective interest rate* %	US$'000
Fixed rate borrowings				
Trade and other payables/other non-current liabilities	3.92% - 8.00%	536,396	4.00% - 8.00%	998,756
Loans and borrowings	3.58% - 5.70%	3,830,529	3.12% - 5.65%	2,584,466
Variable rate borrowings				
Loans and borrowings	1.25% - 6.50%	4,360,032	1.25% - 6.50%	3,545,626
Total interest-bearing financial liabilities		8,726,957		7,128,848
Fixed rate borrowings as a percentage of total borrowings		50.04%		50.26%

(ii) Sensitivity analysis

At 31 December 2019, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit before taxation by approximately US$21,800,000 (31 December 2018: US$17,728,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit before taxation and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit before taxation and other components of consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for 31 December 2018.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to other investment, payables, non-current liabilities, loans and borrowings and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily USD and Hong Kong dollars.

In respect of the monetary assets and liabilities denominated in foreign currencies, the Group ensures that the net exposures to this risk is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. Management does not enter into currency hedging transactions since it considers that the cost of such instruments outweighs the potential risk of exchange rate fluctuations.

31. Financial risk management and fair values of financial instruments (continued)

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in USD, translated using the spot rate at the year-end date.

	Year ended 31 December 2019 US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Other investments	428,871	228,378
Cash and cash equivalents	176,389	111,483
Trade and other receivables	40,262	-
Trade and other payables	(60,322)	(59,702)
Non-current liabilities	(451,554)	(950,224)
Loans and borrowings	(2,558,620)	(1,656,454)
Overall exposure	(2,424,974)	(2,326,519)

The following significant exchange rates applied during the year:

	Average rates		*Reporting date spot rate*	
	Year ended 31 December 2019	*Year from 1 April 2018 to 31 December 2018*	*Year ended 31 December 2019*	*Year from 1 April 2018 to 31 December 2018*
United States Dollars	6.8956	6.6897	6.9762	6.8632

(ii) Sensitivity analysis

The following table indicates the approximate change in the Group's profit before taxation and other components of consolidated equity in response to a 5% strengthening of the USD against the foreign currencies to which the Group had exposure at the balance sheet date. This analysis assumes that the reasonably possible change in foreign exchange rates had occurred at the balance sheet date and had been applied to each for the Group entities' exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

	Loss	
	Year ended 31 December 2019 US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
United States Dollars	(121,249)	(116,326)

31. Financial risk management and fair values of financial instruments (continued)

A 5% weakening of the USD against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 31 December 2018.

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investment classified as other investments (see note 18). The Group's listed investment is listed on the Shenzhen Stock Exchange and Shanghai Stock Exchange. Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the Index and other industry indicators, as well as the Group's liquidity needs. Listed investment held in the other investment have been chosen based on their longer term growth potential and are monitored regularly for performance against expectations.

At 31 December 2019, it is estimated that an increase of 5% (31 December 2018: 5%) in the relevant stock market index (for listed investments) with all other variables held constant, would have increased the Group's fair value reserve as follows:

	31 December 2019 US$'000	*31 December 2018* US$'000
Other investment	29,502	17,345

A decrease of 5% in the relevant stock market index at 31 December would have had the equal but opposite effect on the above equity investment to the amounts shown above, on the basis that all other variables remain constant.

The sensitivity analysis indicates the instantaneous change in the Group's fair value reserve that would arise assuming that the changes in the stock market index or other relevant risk variables had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. It is also assumed that the fair values of the Group's equity investments would change in accordance with the historical correlation with the relevant stock market index or the relevant risk variables, that none of the Group's available-for-sale investments would be considered impaired as a result of the decrease in the relevant stock market index or other relevant risk variables, and that all other variables remain constant. The analysis is performed on the same basis for 31 December 2018.

31. Financial risk management and fair values of financial instruments (continued)

(f) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group has a team headed by the finance manager performing valuations for the financial instruments, including the unlisted equity securities. The team reports directly to the chief financial officer. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the chief financial officer.

	Fair value at 31 December 2019	*Fair value measurements as at 31 December 2019 categorised into*		
		Level 1	*Level 2*	*Level 3*
	$'000	$'000	$'000	$'000
Recurring fair value measurement				
Financial assets:				
Other investments:				
- Listed equity securities	590,047	590,047	-	-
- Unlisted equity securities	1,026,406	-	-	1,026,406

	Fair value at 31 December 2018	*Fair value measurements as at 31 December 2018 categorised into*		
		Level 1	*Level 2*	*Level 3*
	$'000	$'000	$'000	$'000
Recurring fair value measurement				
Financial assets:				
Other investments:				
- Listed equity securities	346,901	346,901	-	-
- Unlisted equity securities	717,762	-	-	717,762

31. Financial risk management and fair values of financial instruments (continued)

During the year ended 31 December 2019, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2018: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

	Valuation techniques	*Significant unobservable inputs*	*Range*
Unlisted equity securities	Income approach	Internal Rate of Return	10%
Unlisted equity securities	Market approach	Discount for lack of marketability	0% - 20%

The fair value of unlisted equity securities is determined using income approach and market approach. The fair value of unlisted equity securities using income approach uses the agreed internal rate of return from potential buyer. The fair value measurement is positively correlated to the internal rate of return. The fair value of unlisted equity securities using market approach uses the price/sales ratios and price/book ratios of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability.

	At 31 December 2019 $'000
Unlisted equity securities:	
At 1 January	717,762
Additional securities acquired	172,392
Exchange differences	(16,647)
Net unrealised gains or losses recognised in profit or loss during the period	152,899
At 31 December	1,026,406
Total gains or losses for the year included in profit or loss for assets held at the end of the reporting year	152,899

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2019 and 31 December 2018.

32. Commitments

The Group had the following commitments as at the reporting date:

	Year ended 31 December 2019 US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Commitments in relation to share capital of other investments not yet due and not provided for	3,985	39,622
Development expenditure contracted but not provided for	808,637	809,482

33. Significant related party transactions

Remuneration of key management personnel

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group.

The key management personnel compensation included as part of staff costs for those key management personnel employed by the Group are as follows:

	Year ended 31 December 2019 US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Salaries, bonuses, contributions to defined contribution plans and other benefits	11,854	6,405

34. Significant related party transactions (continued)

In addition to the related party information disclosed elsewhere in the annual report, there were the following significant related party transactions which were carried out in the normal course of business on terms agreed between the parties during the year:

	Year ended 31 December 2019 US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Joint ventures		
Asset management fee income from joint ventures	7,715	4,900
Investment management fee income from joint ventures	576	677
Property management fee income from joint ventures	4,763	554
Development management fee income from joint ventures	1,189	1,456
Leasing management fee income from joint ventures	2,258	196
Acquisition management fee income from joint ventures	16,140	-
Other service fee	3,479	-
Associates		
Asset management fee income from associates	1,382	5,587
Investment management fee income from associates	31,580	-
Property management fee income from associates	851	566
Development fees received/receivable	574	320
Other service fee	175	-
Related Parties		
Asset management fee charged by related parties	(11,230)	(7,181)
Asset management fee income from related parties	7,416	4,741
Intermediate holding company		
Management service fee charged by intermediate holding company	(2,983)	(1,351)
Interest expenses charged by intermediate holding company	(27,088)	(41,181)

35. Subsequent events

Subsequent to 31 December 2019, the following events occurred:

Since the outbreak of Novel Coronavirus (“COVID-19”) across the country in January 2020, a series of precautionary and control measures have been and continued to be implemented across China. The outbreak may impact the Group’s operations and financial performance. The degree of impact will depend on the situation, duration of the epidemic prevention and control, and the implementation of various control policies. The Group will keep continuous attention on the situation of the COVID-19, assess its impact on the financial position and operating results of the Group and take any actions as necessary to mitigate the impact. Up to the approval date of the financial statements, the Group assessed that the outbreak will not have significant impact on the Group’s financial position and operating results.

On 19 January 2020, the Group acquired additional 20% shares of Lingang International at consideration of RMB 1.04 billion (equivalent to approximately US$149 million). Thereof the Group holds 70% shares of Lingang International and controls Lingang International.

On 13 March 2020, the Group issued RMB1.90 billion (equivalent to approximately US$272 million) of RMB denominated Commercial Mortgage Backed Securities (the “CMBS”) on Shanghai Stock Exchange. The CMBS is due on 3.40% per annum, with a coupon reset and an option to redeem every three years.

On 24 March 2020, the Group entered into an investment partnership with China Merchants Group (“CMG”) by acquiring 50% shares of China Merchants Capital (“CMC”), CMG’s private equity investment vehicle. Thereof CMC became a joint venture of the Group. The Group would subscribe for RMB1.00 billion (equivalent to approximately US$143 million) of registered share capital of CMC newly issued at consideration of RMB4.76 billion (equivalent to approximately US$683 million), and would provide loans not exceeding RMB3.73 billion (equivalent to approximately US$535 million) to support CMC’s daily operation.

36. Company-level statement of financial position

For the year ended 31 December 2019

	Notes	*Year ended 31 December 2019* US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Non-current assets			
Investment in subsidiaries		11,551,584	9,871,718
Other non-current assets		2,563	3,135
Loans to subsidiaries		1,077,751	1,096,314
		12,631,898	10,971,167
Current assets			
Other receivables		527,177	611,607
Cash and cash equivalents		100,406	80,965
Loans to a joint venture		5,137	-
		632,720	692,572
Total assets		13,264,618	11,663,739
Equity attributable to owners of the Company			
Share capital	24	6,950,825	6,950,825
Reserves	25	(1,296,132)	(1,023,032)
Total equity		5,654,693	5,927,793
Non-current liabilities			
Loans and borrowings		3,938,330	2,584,465
Other non-current liabilities		451,554	950,224
		4,389,884	3,534,689
Current liabilities			
Loans and borrowings		607,356	987,130
Other payables		2,611,444	1,212,866
Current tax payable		1,241	1,261
		3,220,041	2,201,257
Total liabilities		7,609,925	5,735,946
Total equity and liabilities		13,264,618	11,663,739

Approved and authorised for issue by the Board of Directors on 30 APR 2020

Director

Director

37. Company-level statement of comprehensive income

For the year ended 31 December 2019

	Year ended 31 December 2019 US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Revenue	319	-
Other expenses	(12,183)	(5,924)
Loss from operations	(11,864)	(5,924)
Finance costs	(269,302)	(330,621)
Finance income	56,668	37,747
Net finance costs	(212,634)	(292,874)
Loss before taxation	(224,498)	(298,798)
Income tax	(4,411)	(2,436)
Loss for the year	(228,909)	(301,234)
Other comprehensive income for the year		
Items that may be reclassified subsequently to profit of loss:		
Exchange differences on translation of financial statements	(44,191)	(572,439)
Total comprehensive income for the year	(273,100)	(873,673)

38. Company-level statement of cash flows

For the 12 months ended 31 December 2019

	Year ended 31 December 2019 US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Cash flows from operating activities		
Loss before taxation	(224,498)	(298,798)
Adjustments for:		
Net finance costs	219,568	295,467
Withholding tax	2,112	1,302
	(2,818)	(2,029)
Changes in working capital:		
Trade and other receivables	76,024	(276,756)
Trade and other payables	1,297,284	929,417
Cash generated from operations	1,370,490	650,632
Tax paid	-	-
Net cash generated from operating activities	1,370,490	650,632
Cash flows from investing activities		
Interest income received	30,405	18,328
Repayment of loan from subsidiaries	79,417	126,139
Loans to subsidiaries	(69,054)	(320,680)
Loans to a joint venture	(5,000)	-
Investment in subsidiaries	(1,864,987)	(1,564,807)
Net cash used in investing activities	(1,829,219)	(1,741,020)

38. Company-level statement of cash flows (continued)

For the 9 months ended 31 December 2018

	Year ended 31 December 2019 US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Cash flows from financing activities		
Proceeds of loan from shareholder	421,161	267,000
Proceeds of loans from joint ventures	-	31,472
Proceeds from issue of bonds	985,504	1,961,441
Proceeds from bank loans	1,050,548	1,385,655
Repayment of bank loan	(869,699)	(1,275,793)
Repayment of bonds	(145,641)	-
Repayment of loans from shareholder	(759,556)	(1,373,395)
Interest paid	(203,424)	(91,862)
Net cash generated from financing activities	478,893	904,518
Net increase/(decrease) in cash and cash equivalents	20,164	(185,870)
Cash and cash equivalents at beginning of the year	80,965	267,732
Effect of exchange rate changes on cash balances held in foreign currencies	(723)	(897)
Cash and cash equivalents at end of the year	100,406	80,965

39. Immediate and ultimate holding company

As at 31 December 2019, the directors consider the immediate holding company and the ultimate holding company of the Company to be CLH Limited and GLP Holdings, L.P., respectively, which are both incorporated in Cayman Islands.

40. Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2019

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and a new standard, HKFRS 17, *Insurance contracts*, which are not yet effective for the year ended 31 December 2019 and which have not been adopted in these financial statements. These include the following which may be relevant to the company.

	Effective for accounting periods beginning on or after
Revised Conceptual Framework for Financial Reporting 2018	1 January 2020
Amendments to HKFRS 9, HKAS 39 and HKFRS 7, *Interest Rate Benchmark Reform*	1 January 2020
Amendments to HKFRS 3, *Definition of a business*	1 January 2020
Amendments to HKAS 1 and HKAS 8, *Definition of material*	1 January 2020
HKFRS 17, *Insurance contracts*	1 January 2021

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.