THE CROSS-HARBOUR (HOLDINGS) LIMITED
港通控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 32)

2019 Results Announcement

The board of directors of The Cross-Harbour (Holdings) Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2019. The results have been reviewed by the audit committee of the Company.

GROUP RESULTS

The Group reported a profit attributable to shareholders of HK$727.3 million for the year ended 31 December 2019, representing an increase of 62.6% as compared with HK$447.4 million in 2018. The performance of the treasury segment was satisfactory as compared with last year. The net fair value loss of financial assets measured at FVPL in 2018 was HK$391.7 million, and it was reduced to HK$45.6 million in 2019. Earnings per share were HK$1.95 against HK$1.20 for 2018.

DIVIDENDS

The first, second and third quarterly interim dividends each of HK$0.06 per share (2018: HK$0.06 per share) were paid on 9 July 2019, 18 September 2019 and 27 December 2019 respectively. The directors recommend the payment of a final dividend of HK$0.24 per share (2018: HK$0.22 per share) which, together with the interim dividends, make total dividends for the year ended 31 December 2019 of HK$0.42 per share (2018: HK$0.40 per share), representing a total distribution of approximately HK$156.5 million (2018: HK$149.1 million) for the year.

Subject to shareholder approval of the proposed final dividend being obtained in the forthcoming annual general meeting on 18 May 2020 (the "AGM"), it is expected that the dividend warrants will be despatched on Friday, 5 June 2020 to shareholders registered at the close of business on Tuesday, 26 May 2020. The register of members and transfer books of the Company will be closed from Friday, 22 May 2020 to Tuesday, 26 May 2020, both days inclusive, during which period no transfer of shares in the Company will be registered. In order to qualify for the final dividend, all transfer documents and accompanying share certificates must be lodged for registration with Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m., Thursday, 21 May 2020.

LAST SHARE REGISTRATION DATE FOR AGM

For determining the right of shareholders to attend and vote at the AGM, the deadline for share registration will be Tuesday, 12 May 2020. Shareholders should therefore ensure that all transfer documents and accompanying share certificates are lodged for registration with Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m., Tuesday, 12 May 2020.

Consolidated statement of profit or loss
for the year ended 31 December 2019

(Expressed in Hong Kong dollars)

	Note	***2019***	*2018**
		$'000	$'000
Revenue from contracts with customers within the scope of HKFRS 15		**470,129**	447,861
Revenue from other sources		**49,221**	112,731
Interest revenue from debt securities at FVPL		**57,822**	11,769
Other interest revenue		**118,765**	68,576
Total revenue	3	**695,937**	640,937
Other revenue	4	**26**	26
Other net losses	4	**(45,375)**	(390,724)
Direct costs and operating expenses		**(214,295)**	(199,420)
Selling and marketing expenses		**(32,366)**	(29,282)
Administrative and corporate expenses		**(218,629)**	(176,681)
Impairment losses on financial assets		**(17,779)**	(5,970)
Profit/(loss) from operations		**167,519**	(161,114)
Finance costs		**(4,576)**	(52)
Share of profits of associates		**616,536**	609,028
Share of profits of a joint venture		**16,154**	14,895
Profit before taxation	5	**795,633**	462,757
Income tax	6(a)	**(24,706)**	32,710
Profit for the year		**770,927**	495,467
Attributable to:			
Equity shareholders of the Company		**727,306**	447,391
Non-controlling interests		**43,621**	48,076
Profit for the year		**770,927**	495,467
Earnings per share	7		
Basic and diluted		**$1.95**	$1.20

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

Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 7.

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019

(Expressed in Hong Kong dollars)

	2019	*2018**
	$'000	$'000
Profit for the year	**770,927**	495,467
Other comprehensive income for the year (after tax and reclassification adjustments)		
Items that will not be reclassified to profit or loss:		
- Financial assets measured at fair value through other comprehensive income (non-recycling)		
- changes in fair value of equity securities recognised during the year	**(141,052)**	306,473
Items that may be reclassified subsequently to profit or loss:		
- Financial assets measured at fair value through other comprehensive income (recycling)		
- net changes in fair value of debt securities recognised during the year	**10,714**	(41,413)
- Share of other comprehensive income of a joint venture:		
- Exchange differences on translation of financial statements of overseas subsidiary in joint venture	**(130)**	(166)
	(130,468)	264,894
Total comprehensive income for the year	**640,459**	760,361
Attributable to:		
Equity shareholders of the Company	**596,877**	712,335
Non-controlling interests	**43,582**	48,026
Total comprehensive income for the year	**640,459**	760,361

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

Consolidated statement of financial position
at 31 December 2019

(Expressed in Hong Kong dollars)

	Note		*2019*		*2018**
		$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment			414,193		197,589
Interests in associates			714,835		1,211,607
Interest in a joint venture			108,949		97,925
Other financial assets	8		2,312,796		2,543,087
Deposits for acquisition of tangible assets			6,240		932
Deferred tax assets			4,964		2,285
			3,561,977		4,053,425
Current assets					
Inventories		712		950	
Other financial assets	8	2,479,236		2,050,590	
Trade and other receivables	9	101,341		80,894	
Amount due from a joint venture		9,000		9,000	
Taxation recoverable		5,597		9,560	
Dividend receivable		105,356		86,500	
Bank deposits and cash		1,926,867		1,499,006	
		4,628,109		3,736,500	
Current liabilities					
Trade and other payables	10	108,581		103,137	
Contract liabilities		363,011		312,426	
Lease liabilities		55,192		-	
Taxation payable		39,430		18,570	
Dividends payable		646		1,212	
Loan from an associate		-		300,674	
		566,860		736,019	
Net current assets			4,061,249		3,000,481

	2019	2018*
	$'000	$'000
Total assets less current liabilities	7,623,226	7,053,906
Non-current liabilities		
Lease liabilities	116,481	-
Deferred tax liabilities	3,924	4,939
	120,405	4,939
NET ASSETS	7,502,821	7,048,967
CAPITAL AND RESERVES		
Share capital	1,629,461	1,629,461
Reserves	5,714,479	5,266,677
Total equity attributable to equity shareholders of the Company	7,343,940	6,896,138
Non-controlling interests	158,881	152,829
TOTAL EQUITY	7,502,821	7,048,967

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

Notes:

(Expressed in Hong Kong dollars)

1 Significant accounting policies and basis of preparation

The financial information relating to the years ended 31 December 2019 and 2018 included in this preliminary announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those consolidated financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 December 2019 in due course.

The Company's auditor has reported on those consolidated financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports, and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

Statement of compliance

The 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"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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. Note 2 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.

2 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 brought forward from HKAS 17 are 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.

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.

At the date of transition to HKFRS 16 (i.e. 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, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 2.0%.

To ease the transition to HKFRS 16, the Group 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.

The following table reconciles the operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	1 January 2019 $'000
Operating lease commitments at 31 December 2018	123,784
Less: commitments relating to leases exempt from capitalisation:	
- short-term leases and other leases with remaining lease term ending on or before 31 December 2019	(4,267)
Add: lease payments for the additional periods where the Group considers it reasonably certain that it will exercise the extension options	116,429
	235,946
Less: total future interest expenses	(11,571)
Total lease liabilities recognised at 1 January 2019	224,375

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 31 December 2018.

The Group presents right-of-use assets in "property, plant and equipment" and presents lease liabilities separately in the statement of financial position.

At the date of the initial application of HKFRS 16 (i.e. 1 January 2019), the Group recognised \$224,375,000 right-of-use assets, \$55,443,000 lease liabilities (current) and \$168,932,000 lease liabilities (non-current).

(c) Impact on the financial result, segment results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group 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 Group's consolidated statement of profit or loss, as compared to the results if HKAS 17 had been applied during the year.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. 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.

3 Segment reporting

The Group manages its businesses by divisions which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Motoring school operations: this segment invests in subsidiaries which operate three driver training centres.

- Tunnel operations: this segment invests in associates which operate the Western Harbour Tunnel and Tate's Cairn Tunnel franchises.

- Electronic toll operations: this segment invests in a joint venture which operates an electronic toll collection system and provision of telematics services.

- Treasury: this segment operates investing and financing activities and receives dividend income and interest income.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current and non-current assets with the exception of other corporate assets. Segment liabilities include trade creditors and lease liabilities attributable to the sales activities, the accruals of the individual segments, dividend payable and taxation payable managed directly by the segments with the exception of other corporate liabilities.

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

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2019 and 2018 is set out below.

(i) Year ended 31 December 2019

	Motoring school operations $'000	Tunnel operations $'000	Electronic toll operations $'000	Treasury $'000	Total $'000
Revenue from contracts with customers within the scope of HKFRS 15	454,729	2,500	12,900	-	470,129
Dividend income from equity instruments	-	-	-	45,332	45,332
Interest revenue	10,616	-	45	165,926	176,587
Reportable segment revenue	465,345	2,500	12,945	211,258	692,048
Reportable segment profit before tax	141,546	619,036	28,867	144,136	933,585
Finance costs	(4,144)	-	-	(382)	(4,526)
Depreciation	(77,867)	-	-	-	(77,867)
Share of profits of associates	-	616,536	-	-	616,536
Share of profits of a joint venture	-	-	16,154	-	16,154
Income tax	(22,831)	-	(1,875)	-	(24,706)
Reportable segment assets	1,014,021	714,835	125,783	6,290,874	8,145,513
Interest in a joint venture	-	-	108,949	-	108,949
Interest in associates	-	714,835	-	-	714,835
Additions to non-current segment assets	85,816	-	-	-	85,816
Reportable segment liabilities	607,616	-	2,575	646	610,837

(ii) Year ended 31 December 2018*

	Motoring school operations $'000	Tunnel operations $'000	Electronic toll operations $'000	Treasury $'000	Total $'000
Revenue from contracts with customers within the scope of HKFRS 15	431,448	2,500	13,800	-	447,748
Dividend income from equity instruments	-	-	-	110,931	110,931
Interest revenue	8,579	-	1	71,765	80,345
Reportable segment revenue	440,027	2,500	13,801	182,696	639,024
Reportable segment profit before tax	161,216	611,527	28,471	(214,653)	586,561
Finance costs	-	-	-	(52)	(52)
Depreciation	(23,684)	-	-	-	(23,684)
Share of profits of associates	-	609,028	-	-	609,028
Share of profits of a joint venture	-	-	14,895	-	14,895
Income tax	(26,388)	-	(1,846)	60,944	32,710
Reportable segment assets	765,563	1,211,607	114,043	5,646,724	7,737,937
Interest in a joint venture	-	-	97,925	-	97,925
Interest in associates	-	1,211,607	-	-	1,211,607
Additions to non-current segment assets	64,968	-	-	-	64,968
Reportable segment liabilities	378,473	300,674	695	1,212	681,054

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

(b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	2019	*2018**
	$'000	$'000
Revenue		
Reportable segment revenue	**692,048**	639,024
Unallocated head office and corporate revenue	**3,889**	1,913
Consolidated revenue	**695,937**	640,937
Profit		
Reportable segment profit derived from the Group's external customers	**933,585**	586,561
Other revenue	**26**	26
Unallocated head office and corporate income and expenses	**(137,978)**	(123,830)
Consolidated profit before taxation	**795,633**	462,757
Assets		
Reportable segment assets	**8,145,513**	7,737,937
Unallocated head office and corporate assets	**44,573**	51,988
Consolidated total assets	**8,190,086**	7,789,925
Liabilities		
Reportable segment liabilities	**610,837**	681,054
Unallocated head office and corporate liabilities	**76,428**	59,904
Consolidated total liabilities	**687,265**	740,958

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

(c) Geographic information

No additional information has been disclosed in respect of the Group's geographical information as the Group operates substantially in one geographical location which is Hong Kong.

4 Other revenue and other net losses

	2019	*2018*
	$'000	$'000
Other revenue		
Interest income from loan to an associate	**26**	26
Other net losses		
Change in fair value of financial assets at FVPL		
- Unlisted fund investments	**(52,046)**	17,403
- Debt securities	**26,940**	(18,862)
- Equity securities	**(20,444)**	(390,234)
	(45,550)	(391,693)
Net gains on sale of property, plant and equipment	**175**	969
	(45,375)	(390,724)

5 Profit before taxation

	2019	*2018**
	$'000	$'000
Profit before taxation is arrived at after charging:		
(a) Finance costs		
Interest on lease liabilities	**4,526**	-
Other borrowing costs	**50**	52
	4,576	52

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

	2019	2018
	$'000	*$'000*
(b) Other items		
Auditor's remuneration		
- audit services	**2,799**	2,502
- other services	**464**	450
Contributions to defined contribution retirement scheme	**7,596**	6,929
Cost of inventories consumed	**9,999**	10,180
Depreciation		
- Owned property, plant and equipment #	**42,041**	41,309
- Right-of-use assets #	**61,755**	-
Total minimum lease payments for leases previously classified as operating leases under HKAS 17 #	**-**	33,368
Net foreign exchange losses	**956**	577
Salaries, wages and other benefits	**276,700**	258,602

and after crediting:

Dividend income from equity instruments at FVOCI	**3,018**	3,186
Dividend income from equity instruments at FVPL	**42,314**	107,745

The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. After initial recognition of right-of-use assets at 1 January 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. See note 2.

6 Income tax in the consolidated statement of profit or loss

(a) Taxation in the consolidated statement of profit or loss represents:

	2019	*2018*
	$'000	$'000
Current tax - Hong Kong Profits Tax		
Provision for the year	**29,004**	29,427
Over-provision in respect of prior years	**(604)**	(668)
	28,400	28,759
Deferred tax		
Origination and reversal of temporary differences	**(3,694)**	(61,469)
	24,706	(32,710)

The provision for Hong Kong Profits Tax for 2019 is calculated at 16.5% (2018: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first $2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2018.

(b) Reconciliation between tax expense/(credit) and accounting profit at applicable tax rates:

	2019	*2018*
	$'000	$'000
Profit before taxation	**795,633**	462,757
Notional tax on profit before taxation	**131,115**	76,190
Tax effect of non-deductible expenses	**27,028**	11,503
Tax effect of non-taxable income	**(166,647)**	(169,382)
Tax effect of unused tax losses not recognised	**34,112**	50,007
Tax effect of recognition of unused tax losses previously not recognised	**(298)**	(360)
Over-provision in prior years	**(604)**	(668)
Actual tax expense/(credit)	**24,706**	(32,710)

7 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of $727,306,000 (2018: $447,391,000) and the weighted average of 372,688,000 (2018: 372,688,000) ordinary shares in issue during the year.

Basic earnings per share are the same as diluted earnings per share as the Company has no dilutive potential shares.

8 Other financial assets

	Notes	***31 December 2019 $'000***	*31 December 2018 $'000*
Non-current			
Financial assets designated at FVOCI (non-recycling)			
- Equity securities listed in Hong Kong			
• Evergrande Health*	(i)	**421,561**	558,827
• Others*	(ii)	**71,171**	74,957
		492,732	633,784
Financial assets measured at FVOCI (recycling)			
- Debt securities listed in Hong Kong*	(iii)	**138,940**	-
- Debt securities listed outside Hong Kong*		**462,493**	446,478
		601,433	446,478
Financial assets measured at FVPL			
- Unlisted fund investments		**1,057,440**	1,056,270
- Debt securities listed outside Hong Kong*		**99,596**	354,381
- Equity securities listed outside Hong Kong*		**61,595**	52,174
		1,218,631	1,462,825
		2,312,796	2,543,087
Current			
Financial assets measured at amortised cost			
- Secured, interest-bearing instruments	(iv)	**200,000**	102,249
- Unsecured, interest-bearing instruments	(v)	**665,000**	100,000
Less: loss allowance		**(22,711)**	(1,926)
		842,289	200,323
Financial assets measured at FVPL			
- Debt securities listed outside Hong Kong*		**281,042**	155,505
- Equity securities listed in Hong Kong*	(vi)	**1,355,905**	1,694,762
		1,636,947	1,850,267
		2,479,236	2,050,590
Total		**4,792,032**	4,593,677

* Fair value measured using unadjusted quoted price in active markets.

Notes:

(i) The amount represents 54,255,000 shares (approximately 0.63% shareholdings) of Evergrande Health Industry Group Limited ("Evergrande Health"), which is listed in Hong Kong and principally engaged in healthcare business as well as investment in high technology new energy vehicle manufacture. The Group designated this investment at FVOCI (non-recycling), as the investment is held for strategic purposes. No dividends were received on this investment during the year (2018: Nil). No shares from such investments were disposed of during the current year. In 2018, the Group sold some of its shares at a consideration of $163,585,280, being the fair value as at the date of disposal in order to balance the overall investment portfolio and to reduce concentration risk.

(ii) The amount mainly represents the Group's investment in several blue-chips stocks listed in Hong Kong. The Group designated these investments at FVOCI (non-recycling), as they are held for strategic purposes. Dividends amounted to $3,018,000 (2018: $3,186,000) were received during the year. None of these investments were sold during the year (2018: Nil).

(iii) During the year ended 31 December 2019, the Group has acquired listed debt securities issued by an indirectly wholly-owned subsidiary of C C Land Holdings Limited, a connected party of the Group. The carrying value of the investment at 31 December 2019 is $138,940,000.

(iv) The balance as at 31 December 2019 represents an investment in an interest-bearing instrument of $200,000,000 which is fully secured by financial instruments with sufficient fair value to cover the principal amount. The instrument is interest-bearing at 11% per annum and will mature in 2020.

The balance as at 31 December 2018 represented an investment in an interest-bearing instrument which is fully secured by a property and personal guarantee, interest-bearing at 15% per annum. The Group did not have the right to sell or re-pledge the property and personal guarantee held as collateral in the absence of default by the borrower. The balance was repaid during the current year.

(v) The balance as at 31 December 2019 represents seven (2018: one) interest-bearing instruments which are unsecured, interest-bearing from 7% to 12% per annum (2018: 7% per annum) and with maturity of 6 to 12 months.

(vi) Equity securities listed in Hong Kong and classified at FVPL include equity investments in China Evergrande Group, a property developer in China. As at 31 December 2019, the fair value of such investments amounted to $494,683,000 (2018: $684,975,000), and a decrease in fair value of $49,430,000 (2018: $102,235,000) was recognised in profit or loss for the year.

9 Trade and other receivables

	2019	*2018*
	$'000	$'000
Trade receivables	**6,666**	3,330
Other receivables	**45,764**	26,443
	52,430	29,773
Deposits and prepayments	**48,911**	51,121
	101,341	80,894

The amount of the Group's deposits and prepayments expected to be recovered or recognised as expense after more than one year is $2,757,000 (2018: $3,040,000). Apart from these, all of the trade and other receivables are expected to be recovered or recognised as expense within one year.

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the invoice date, is as follows:

	2019	*2018*
	$'000	$'000
Within 1 month	**5,933**	2,556
1 to 2 months	**231**	343
2 to 3 months	**231**	332
Over 3 months	**271**	99
	6,666	3,330

10 Trade and other payables

	2019	*2018*
	$'000	$'000
Trade payables	**5,696**	3,689
Other payables and accruals	**102,885**	99,448
	108,581	103,137

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

Included in trade and other payables are trade payables with the following ageing analysis, based on the invoice date, as of the end of the reporting period:

	2019	*2018*
	$'000	$'000
Within 1 month	**2,024**	1,044
1 month to 3 months	**661**	413
Over 3 months but within 6 months	**3,011**	2,232
	5,696	3,689

11 Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year:

	2019	*2018*
	$'000	$'000
Interim dividends declared of $0.18 per share (2018: $0.18 per share)	**67,084**	67,084
Final dividend proposed after the end of the reporting period $0.24 per share (2018: $0.22 per share)	**89,445**	81,991
	156,529	149,075

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividend payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

	2019	*2018*
	$'000	$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of $0.22 per share (2018: $0.20 per share)	**81,991**	74,538

12 Financial information in announcement

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2019 as set out in the preliminary announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

Business Review and Outlook

2019 was a year full of challenges. The global economic growth had further slowdown in 2019. Faced with many uncertainties, global markets went through the ups and downs of the Sino-U.S. trade dispute, Brexit event risk, and transition of US interest rate cycle. The U.S. yield curve has even become inverted at some points which triggered recession concerns. Hong Kong's external demand was depressed, export of goods and services were dropped in real terms. Hong Kong economy was not only affected by external markets but also hit by internal factors, leading to the first negative growth in ten years. The local social unrest lasted for more than 6 months and was regarded as the major cause for the downturn. The GDP growth in the first half of 2019 dropped sharply to 0.5% from 4.1% of first half of 2018. It further shrank by 2.8% and 2.9% year on year in the third and fourth quarters of 2019 respectively. Both domestic consumer sentiment and business sentiment were dampened. Hong Kong retail sales dropped by 19.4% in December 2019 and continued to decline by 21.4% in January 2020. It tumbled for 12th straight month. The unemployment rate in Hong Kong was kept stable at 2.8% in the first half of 2019, and began to creep up to 3.3% in the second half of 2019.

Looking ahead, global economy will remain volatile in the first half of 2020 although some uncertainty for 2020 might have been removed, e.g. the first phase of the trade agreement has been reached by China and U.S. and UK has formally left the European Union at the end of January. IMF expects the global economic growth to be below that of the level of 2019 (2.9%). Rising global trade conflicts, Europe's struggling economy, and global outbreak of coronavirus will have negative impacts to the Hong Kong economy. The social unrest is gradually calming down. But it has not yet fully stopped and will continue to be a key uncertainty. Nevertheless, both the Mainland China and Hong Kong Governments are expected to be proactive in implementing fiscal and monetary policies to support enterprises and citizens in the midst of headwinds. Taking the above factors into consideration, the downside pressures remain notable and Hong Kong may still be under a difficult situation for an extended period.

Motoring School Operation

Alpha Hero Group ("AHG") (70% owned) operates driving training schools and it maintained a stable performance in the year. The throughput increased as compared with the previous year as a result of continuing efforts by the management in implementing a series of service and quality enhancement programs.

The availability of sizeable training sites remains a pivotal factor for the operation of designated driving school in addition to the supply of qualified driving instructors. The operations of the driving centres at Ap Lei Chau, Siu Lek Yuen and Kwun Tong, in particular, are subject to the availability of government land due to the extensive land requirement for off-street driving training. The tenancy for operating the Ap Lei Chau Driving School, the Siu Lek Yuen Driving School and the Kwun Tong Driving School will last until June 2020, February 2023 and July 2023 respectively. AHG completed the construction works and training range of the New Kwun Tong Driving School ("NKT") in second half of 2019, and also started student enrolment and training since August 2019. Moreover, in view of the rising rentals and the need to enhance the stability of the sales outlets in the long run, two shop spaces were acquired during the year. As a measure to improve the cost structure in the long run, AHG is at present holding eight properties for use as driving training centre, sales outlets and classrooms.

Facing the difficult environment of Hong Kong in the coming year, we expect that the driving training market would continue to shrink in 2020. AHG will continue to adopt effective sales strategy and to deploy continuous efforts in market segmentation and penetration to maintain our leading market position. The negative impact from recent coronavirus outbreak could not be underestimated. It is expected that overall performance of the first half of 2020 would be affected. The Management will keep close monitoring on the progress and take further actions to safeguard our customers and staff and ensure business continuity.

Electronic Toll Operation

Autotoll (BVI) Limited ("Autotoll"), a jointly controlled entity, 50% owned by The Autopass Company Limited (a 70% owned subsidiary), provides electronic toll collection ("ETC") facilities in Hong Kong covering twelve different toll roads and tunnels. There are sixty-one auto-toll lanes in operation at present. Despite increasing difficulty in acquiring new subscribers, net growth in tag subscription was recorded during the year. It was partly contributed by the first issue of motorcycle tags since January 2019. Excluding the growth in motorcycle tag, the net growth of tag decreased as compared to last year and this trend is expected to continue in the coming year as the number of terminated tags will increase under the negative impacts of uncertain economic outlook and competitions from other alternatives of electronic payment facility available in the market. To tackle the competitions, extensive customers acquisition programs as well as customers retention programs will be continued as marketing strategies in the coming years.

In July 2019, Transport Department published a Smart Mobility Roadmap for Hong Kong, which sets out the vision and specific initiatives to be pursued in the next five years. It echoes the Smart City Blueprint for Hong Kong promulgated by the Innovation and Technology Bureau in 2017. One of the six major target achievements of Blueprint is "Smart Mobility", an important component of smart city development for achieving a fully integrated, efficient, reliable, sustainable and safe multimodal transport system. The concept of Smart Mobility goes beyond the application of intelligent transport system ("ITS"), which is not limited to the scope of transport infrastructure, but could be collating more real-time data to shed light on transport planning and management and embracing new vehicle technologies to improve road safety and traffic efficiency.

In-vehicle Units ("IVU") and Free-flow Tolling System ("FFTS") are key Smart Mobility initiatives in the Roadmap under the key dimensions "Smart Transport Infrastructure". An IVU is a tag enabled with radio frequency identification technology for a vehicle to receive real-time traffic information and used to facilitate the new electronic tolling system FFTS. FFTS will be implemented by phases at government tolled tunnels and roads and eventually replace the current ETC system.

In view of this, further expansion of non-ETC business is crucial to the continued viability of Autotoll. Taking into account of its experience and performance in the past ITS projects, Autotoll was awarded the first "Smart Mobility" project to install 550 traffic detectors on selected strategic routes to provide real-time traffic information in last year. Autotoll also had experience in a FFTS trial project in the past, which enhance its competitiveness in the bidding of tenders of FFTS contracts. Management will keep paying attention to the development of Smart City in order to expand its business in Smart Mobility projects and associated internet of things businesses.

Tunnel Operations

Western Harbour Tunnel Company Limited ("WHTCL"), a 50% owned associate, operates the Western Harbour Tunnel ("WHT") under a 30 years' franchise. The performance of the WHTCL in the year was further improved as a result of increase in toll revenue. WHTCL has implemented its tenth toll increase with effect from 1 June 2019 and the average toll per vehicle increased from HK$73.5 in the last corresponding year to HK$78.9. The average daily throughput of the WHT slightly increased by 1% to 69,778 vehicle journeys as compared with the last corresponding year. WHT's market share was maintained at around 27% for the year despite its toll increase during the year.

The social unrest since June 2019 with repeated protests and demonstrations, led to closure of some trunk roads and tunnels, in particularly during weekends. The total road traffic was reduced. This had impact to WHT's revenue in second half of the year. The total road traffic would further dropped in the first half of 2020 because economic activities of Hong Kong is being deeply suppressed by both of coronavirus outbreak in 2020 and non-stop social unrest.

Construction of a carriageway connecting Nga Cheung Road to southbound toll plaza of WHT is expected to be completed in 2020, this new road will make access easier to the tunnel from West Kowloon area. The continuing development of West Kowloon Cultural District and opening of various arts and cultural venues will further attract more traffic to West Kowloon area and contribute to WHT's traffic in the future. The opening of the Cenral-Wanchai bypass in February 2019 connected WHT with the Island Eastern Corridor. It makes the travelling from Island East to the tunnel quicker and easier. Route 4 was also rerouted through the new underground tunnel to the bypass relieving traffic around Gloucester Road and Connaught Road. As a result the traffic at WHT's Central exit becomes smoother. The Government is planning to improve the junction from Man Cheung Street underpass and Rumsey Street flyover, and works would be completed in 2020. All these traffic improvement projects in Hong Kong Island can further improve WHT's traffic. Nevertheless, the increased supply of rail transport and toll differentials between the WHT and the other two government-owned cross-harbour tunnels remain the principal risks and uncertainties facing WHTCL in the remaining years of the franchise.

Due to the coronavirus outbreak, it might be difficult to maintain the throughput in the coming months at the same level as compared with last year. Toll revenue and overall performance of the first half of 2020 would be affected significantly. The Management has taken a series of actions to protect the operations and the health of its staff. To ensure tunnel operation continuity, it conducted a drill to practice required procedures in case certain operations need to be temporarily suspended. We will closely monitor the development and take further measures to minimize the impacts to our tunnel operation.

Treasury Management Business

The Group's investment objective is to increase the value of its treasury investment business, and ultimately to enhance returns for its shareholders. In making investment or divestment decisions on individual financial instrument, the Company considers not only past financial performance such as the financial health and dividend policy, but also the business prospect in the form of capital appreciation, dividend/interest income and trading gains, prevailing market sentiments on different sectors of the investment markets as well as macroeconomic outlook for each individual investment. As the performance of the investments depends to a large extent on the performances of the relevant financial markets, which are subject to rapid and unpredictable changes, the Company will continue to adopt a prudent investment strategy by maintaining a diversified investment portfolio and cautious approach in assessing the performance of the investments, so as to make timely and appropriate adjustments to its investments holding with a view to generating favourable returns for its shareholders and minimizing risks. In the future, the Company will continue to diversify its investments (including but not limited to listed equities, bonds and unlisted funds) embedded with new growth drivers in the new era of globalization. In view of this, the Company has increased investments in interest-bearing instruments and reduced the investments in listed equities during the year, as a proactive strategy to generate recurring income and thus enhance returns on the Group's investment portfolio in the coming years.

The Hang Seng Index ("HSI") recorded the lowest point in January at 24,589 points, and then bounced back to the highest point in April at 30,280 points in the wake of favourable report on the progress of the trade negotiation between China and US. The HSI dropped back to 25,000 level in August because the negotiation broken down in May and increased bearish sentiment arose from the slowdown in China's economy and local social unrest. At the end of the year, HSI rebounded back and ended at 28,190 points as the investment sentiment improved due to the turnaround of trade negotiation and listing of some large corporation in the fourth quarter. Under this volatile market and global slowdown, the Group's listed equity investments and unlisted fund investments recorded decrease in fair values at the end of 2019. However, the Group's listed debt investments recorded increases in fair value at the end of the year as a result of ongoing lower rates environment.

To stabilize economic growth, the fiscal and monetary policies of major economies is expected to become more proactive. China and US might not to escalate the trade dispute in full although there might be some unresolved differences, including intellectual property rights and technology transfer. Nevertheless, the uncertainties from global coronavirus outbreak, global political disputes, US presidential election, and rise of populism and geopolitical risk will have significant impacts to global and the Greater China financial markets in 2020. Taking into consideration of the adverse impact of current coronavirus development to financial markets, the value of Group's investment portfolio would be expected to fluctuate notably. In view of this, we remain cautious about the performance of the Hong Kong stock market as well as the prospects of the Group's portfolio of investments in the near term. The Company will continue to adopt a cautious approach in assessing the performance of its portfolio of investments from time to time.

Commentary on Annual Results

(I) Review of 2019 Results

The Group's profit attributable to shareholders for the year ended 31 December 2019 was HK$727.3 million (2018: HK$447.4 million). The increment was mainly due to decrease in net fair value loss on financial assets measured at fair value through profit or loss (FVPL) from HK$391.7 million in 2018 to HK$45.6 million in 2019. Excluding the net fair value loss on financial assets measured at FVPL and related tax credit of HK$60.9 million in 2018, the Group's profit would be HK$772.9 million for the year ended 31 December 2019 and HK$778.2 million for the year ended 31 December 2018.

The overall performance of motoring school operation, tunnel operation and electronic toll collection operation for the year remained stable and a slight decrease in total profit contributions to the Group was recorded. The increased profit contribution of tunnel operation and electronic toll collection operation was offset by the decreased profit contribution of motoring school operation for the year.

In addition to the net fair value loss on financial assets measured at FVPL, taking into account of net fair value loss on financial assets measured at fair value through other comprehensive income ("FVOCI") recognised in the fair value reserve, dividend income from listed equity securities, interest income from listed debt securities and interest-bearing instruments measured at amortised cost, and impairment losses on financial assets, the performance of treasury investments segment was satisfactory.

The Group's revenue was HK$695.9 million for the year, increased by HK$55.0 million or 8.6% as compared to HK$640.9 million recorded in 2018. It was contributed by revenue increased in both the motoring school operation and treasury investments segment.

Performance of the treasury investments segment in the year:-

The net fair value loss on financial assets measured at FVPL was reduced from HK$391.7 million in 2018 to HK$45.6 million in 2019. It was mainly attributable to fair value loss on E-House (China) Enterprise Holdings Limited (Stock Code: 2048) of HK$83.9 million, fair value loss on China Evergrande Group (Stock Code: 3333) of HK$49.4 million and fair value loss on China Dili Group (Stock Code: 1387) of HK$34.4 million, partially offset by fair value gain on Oshidori International Holdings Limited (Stock Code: 622) of HK$126.1 million.

The financial assets measured at fair value through other comprehensive income (FVOCI) recorded a net fair value loss of HK$130.3 million in the fair value reserve for the year ended 31 December 2019 (2018: gain of HK$265.1 million). The loss was mainly attributable to fair value loss on Evergrande Health Industry Group Limited (Stock Code: 708) of HK$137.3 million (2018: gain of HK$391.2 million).

Dividend income from listed equity securities amounted to HK$45.3 million, decreased by HK$65.6 million as compared to HK$110.9 million recorded in the previous year. The dividend was mainly received from Tai United Holding Limited, amounted to HK$30.0 million, which was decreased from HK$71.5 million received in 2018. Interest income from listed debt securities amounted to HK$100.8 million, increased by HK$56.9 million as compared to HK$43.9 million recorded in the previous year, as a result of full year impact of purchase made during the year 2018.

Interest income derived from interest-bearing instruments measured at amortised cost amounted to HK$44.3 million, increased by HK$38.9 million as compared to HK$5.4 million recorded in the previous year, as a result of additional interest income from new loans granted during the year. Interest income on bank deposits amounted to HK$31.5 million as compared to HK$31.1 million in the previous year.

The impairment loss on financial assets amounted to HK$17.8 million, increased by HK$11.8 million as compared to HK$6.0 million in previous year.

Performance of other reportable segments in the year:-

The motoring school operations recorded an increase in revenue of 5.9% to HK$456.7 million as a result of improvement in tuition fees income due to an increase in demand for driving lessons and higher lesson income unit rate. However, the increment in revenue was offset by an increase in operating expenses resulting from additional rental payments on Siu Lek Yuen Driving School upon tenancy renewal and the newly awarded tenancy for the New Kwun Tong Driving School. Profit before tax from the motoring school operations for the year amounted to HK$141.5 million, a decrease of 12.2% as compared to the HK$161.2 million recorded in the previous year.

The Group's share of profits of associates increased by 1.2% to HK$616.5 million as compared to HK$609.0 million in 2018, due to increased profit sharing from Western Harbour Tunnel operation outweighed the loss of profit sharing from Tate's Cairn Tunnel operation. The Tate's Cairn Tunnel franchise expired in July 2018. An increase in profit contribution from Western Harbour Tunnel Company Limited ("WHTCL") during the year was attributable to a 8.4% increase in toll revenue as an aggregate result of an increase in throughput and the implementation of a toll increase effective from 1 June 2019. After accounting for the amortisation of fair value in excess of net book value of WHTCL as at the completion dates of the acquisitions in 2008, profit contributions from WHTCL for the year were HK$615.9 million as compared to HK$552.6 million recorded in the previous year.

The Group's share of profits of a joint venture, Autotoll (BVI) Limited, which operates an electronic toll collection ("ETC") system and provides telematics services and intelligent transport system solutions, was HK$16.2 million for the year against HK$14.9 million recorded in the previous year, representing an increase of HK$1.3 million or 8.7% as a result of an increase in administration fee income of ETC operation and increase in income from provision of intelligent transport system solutions, partially offset by an increase in operating expenses incurred for coping with increasing competitions with other service providers.

(II) Treasury Investments and Significant Investments Held

As at 31 December 2019, the Group maintained an investment portfolio with a carrying amount of HK$4,792.0 million (31 December 2018: HK$4,593.7 million). The portfolio composed of HK$1,910.2 million listed equity securities (31 December 2018: HK$2,380.7 million), HK$982.1 million listed debt securities (31 December 2018: HK$956.4 million), HK$1,057.4 million unlisted fund investments (31 December 2018: HK$1,056.3 million), and HK$842.3 million interest-bearing instruments (31 December 2018: HK$200.3 million). Certain securities were pledged to the financial institution to secure margin and securities facilities granted to the Group in respect of securities and derivatives transactions. As at 31 December 2019, these facilities were not utilized by the Group.

The movements in the investment portfolio held by the Group during the year

	1 January 2019 HK$ million	Addition during the year HK$ million	Disposal/ Capital reduction during the year HK$ million	Fair value change recorded in OCI (FVOCI) HK$ million	Fair value change in profit and loss (FVPL) / ECL HK$ million	31 December 2019 HK$ million
Financial assets measured at FVOCI						
— Listed equity securities	633.8	—	—	(141.1)	—	492.7
— Listed debt securities	446.5	141.2	—	10.8	3.0	601.5
Financial assets measured at FVPL						
— Listed equity securities	1,746.9	—	(309.0)	—	(20.4)	1,417.5
— Listed debt securities	509.9	—	(156.2)	—	26.9	380.6
— Unlisted fund investments	1,056.3	76.4	(23.2)	—	(52.1)	1,057.4
Financial assets measured at amortised cost						
— Interest-bearing instruments	200.3	765.0	(102.2)	—	(20.8)	842.3
	4,593.7	982.6	(590.6)	(130.3)	(63.4)	4,792.0

The aggregate value of the investment portfolio increased by HK$198.3 million during the year. Financial assets purchased during the year totalled HK$982.6 million, including HK$141.2 million listed debt securities, HK$76.4 million unlisted fund investments and HK$765.0 million interest-bearing instruments. Financial assets disposed of during the year totaled HK$590.6 million, including HK$309.0 million listed equity securities, HK$156.2 million listed debt securities, HK$23.2 million unlisted fund investments and HK$102.2 million interest-bearing instruments. Other movements of the investment portfolio during the year included net fair value loss on financial assets measured at FVOCI of HK$130.3 million, net fair value loss on financial assets measured at FVPL of HK$45.6 million and impairment loss on financial assets of HK$17.8 million.

Significant investments of individual fair value of 5% or above of the Group's total assets

(i) China Evergrande Group (Stock Code: 3333) ("China Evergrande")

China Evergrande is one of the largest property developers in China and a conglomerate with exposure in various sectors including financial, cultural tourism, healthcare and high-tech industries. As at 31 December 2019, the Group held 22,902,000 shares in China Evergrande and recorded a fair value of HK$494.7 million in respect of its holding in 0.17% of the shares of such investment, which exceeded the purchase cost of HK$125.7 million for such investment and represented 6.0% of the Group's total assets and 10.3% of the aggregate fair value of the Group's portfolio of investments. In terms of performance, a fair value loss of HK$49.4 million on such investment was recognised in profit or loss for the year 2019, as compared to a fair value loss of HK$102.2 million recorded in 2018. No dividend income was received from such investment for the year (2018: HK$37.6 million).

(ii) Evergrande Health Industry Group Limited (Stock Code: 708) ("Evergrande Health")

The principal business activities of Evergrande Health are healthcare businesses in China as well as the investment in high technology new energy vehicle manufacture. As at 31 December 2019, the Group held 54,255,000 shares in Evergrande Health and recorded a fair value of HK$421.6 million in respect of its holding in 0.63% of the shares of such investment, which exceeded the purchase cost of HK$62.2 million for such investment and represented 5.1% of the Group's total assets and 8.8% of the aggregate fair value of the Group's portfolio of investments. In terms of performance, a fair value loss of HK$137.3 million on such investment was recorded in the fair value reserve as at 31 December 2019, as compared to a fair value gain of HK$391.2 million recorded in 2018.

In view of the extensiveness of business activities of both of the two significant investments above, the future prospects of such investments will be subject to the impacts of various factors, including but not limited to political, economic, technology and financial, on the performance of individual business segments.

Other than the two significant investments abovementioned, the carrying amount of each of the financial assets of the Group's portfolio of investments represented less than 5% of the Group's total assets as at 31 December 2019. Other financial assets composed of other listed equity securities, listed debt securities, unlisted fund investments and interest-bearing instruments (accounting for 20.7%, 20.5%, 22.1% and 17.6% of the carrying amount of the Group's portfolio of investments respectively).

Apart from the two significant investments mentioned above, the other listed equity securities held by the Group at 31 December 2019 comprised a total of 19 listed equity securities with an aggregate fair value of HK$994.0 million (accounting for 12.1% of the Group's total assets) covering various industry sectors including finance, property, natural resources, industrial and infrastructure, and retail.

For listed debt securities held by the Group at 31 December 2019 comprised a total of 7 listed bonds issued by Hong Kong listed companies or its subsidiary primarily operating in the PRC real estate sector with an aggregate fair value of HK$982.1 million (accounting for 12.0% of the Group's total assets) with coupon rates ranging from 6.35% to 11% per annum.

The Group also invested in various unlisted fund investments with different focuses on industry sectors, regions and asset types, in order to achieve investment objectives of reducing investment concentration risk and to enhance returns for its shareholders. At 31 December 2019, the Group held a total of 10 unlisted fund investments with an aggregate fair value of HK$1,057.4 million (accounting for 12.9% of the Group's total assets) and their underlying investments include listed and unlisted equity instruments, structured financing products and venture capital deals in various regions not limited to the PRC and Hong Kong, covering various industry sectors including biopharmaceuticals, biotechnology, healthcare and related services, technology and e-Commerce.

The Group also held a total of 8 interest-bearing instruments at 31 December 2019 with an aggregate amount of HK$842.3 million (accounting for 10.3% of the Group's total assets) and bearing interest ranging from 7% to 12% per annum, maturing in 2020 and generating an aggregate interest income of HK$44.3 million for the year.

The Group's investment objective is to increase the value of its treasury investment business so as to enhance returns for its shareholders. Through a prudent strategy of maintaining an appropriate mix of different types of investment instruments in its portfolio comprising listed equity securities providing liquidity and capital appreciation, listed debt securities and interest-bearing instruments providing stable and recurring interest income and unlisted fund investments providing higher growth with a medium to long term horizon, the Group seeks not only to enhance its source of revenue in order to mitigate the risks of losing income from any one particular source, but also to achieve consistent risk adjusted returns by maximising total yields and capital appreciation and minimising risks in its investment portfolio.

The future prospects of the Group's listed equity securities investment portfolio other than the two significant investments (which have already been discussed above) and unlisted fund investments will be subject to various factors, including but not limited to political, economic, technology, financial and risk factors that are specific to individual industry sectors of the investments and will therefore vary from one investment to another depending on the general market conditions as well as the prospects of the relevant industry. The future prospects of the Group's listed debt securities are exposed to interest rate risk through the impact of rate change on their fair values. However, the Group will benefit from a portfolio constructed of different kinds of investments aiming to, on average, yield higher long-term returns and lower the risk associated with any individual investment.

Investment category of significant aggregate fair value

Of the portfolio of investments held by the Group as at 31 December 2019, a significant portion comprises a portfolio of investments in listed companies under the property category with an aggregate fair value of HK$1,605.2 million (composed of HK$623.1 million listed equity securities and HK$982.1 million listed debt securities) accounting for about 33.5% of the aggregate fair value of the Group's portfolio of investments.

In terms of performance, interest and dividend income derived from such portion of investments for the year amounted to HK$100.8 million and HK$6.7 million respectively. Further, a net fair value loss of HK$96.9 million and an increase in the fair value reserve in the amount of HK$10.7 million on such portion of investments were recorded as at year end date. As to the future prospects of such portion of investments, their performance will be subject to various factors including the development trend of the property market as well as the investor sentiments in the PRC, Hong Kong and UK.

(III) Liquidity and Financial Resources

As at 31 December 2019, the Group had bank balances and deposits in the amount of HK$1,926.9 million. The Group did not have any debts outstanding as at 31 December 2019 and 2018. Except for the Group's bank deposits denominated in foreign currencies other than the United States dollars, the Group's major sources of income and major assets are denominated in Hong Kong dollars.

(IV) Employees

The Group has 602 employees. Employees are remunerated according to job nature and market trends, with a built-in merit component incorporated in the annual increment to reward and motivate individual performance. Apart from provident fund schemes and medical insurance, discretionary bonuses and employee share options are awarded to employees of the Group at the discretion of the board of directors, depending upon the financial performance of the Group. Total staff costs for the year amounted to HK$284.3 million. The Company also operates a Share Option Scheme.

CORPORATE GOVERNANCE CODE

Throughout the year ended 31 December 2019, the Company complied with the code provisions of the Corporate Governance Code (the "CG Code") set out within Appendix 14 to the Main Board Listing Rules (the "Listing Rules") save that the Company has no formal letters of appointment for directors except the managing director setting out the key terms and conditions of their appointment, and has therefore deviated from D.1.4 of the CG Code. This notwithstanding, every director, including those appointed for a specific term, shall be subject to retirement by rotation, removal, vacation or termination of the office as a director, and disqualification to act as a director in the manner specified in the Company's articles of association, applicable laws and the Listing Rules. Shareholders are sent (at the same time as the notice of the relevant general meeting) a circular containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the ordinary resolution to approve the re-election of each retiring director who stands for re-election at the meeting, including the information required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted codes of conduct regarding securities transactions by directors and by relevant employees (within the meaning of the CG Code) on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers set out within Appendix 10 to the Listing Rules (the "Model Code"). All directors confirmed that they had complied with the required standard set out within the Model Code and the Company's code of conduct regarding directors' securities transactions throughout the year.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any shares in the Company during the year.

On behalf of the board
Yeung Hin Chung, John
Managing Director

Hong Kong, 20 March 2020

As at the date hereof, the board of directors of the Company comprises Cheung Chung Kiu, Yeung Hin Chung, John, Yuen Wing Shing, Wong Chi Keung, Leung Wai Fai and Tung Wai Lan, Iris who are executive directors; and Ng Kwok Fu, Luk Yu King, James and Leung Yu Ming, Steven who are independent non-executive directors.