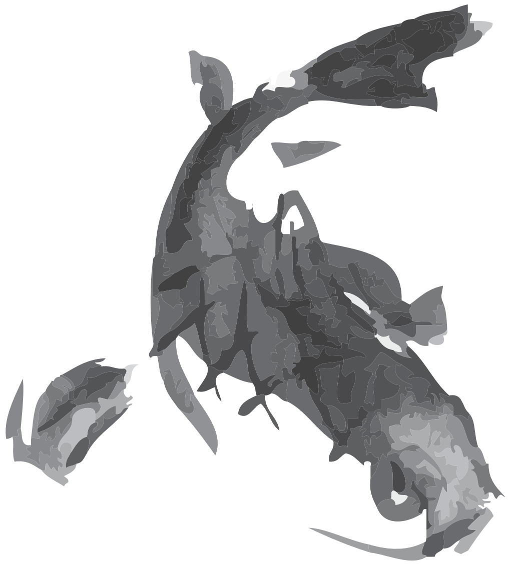
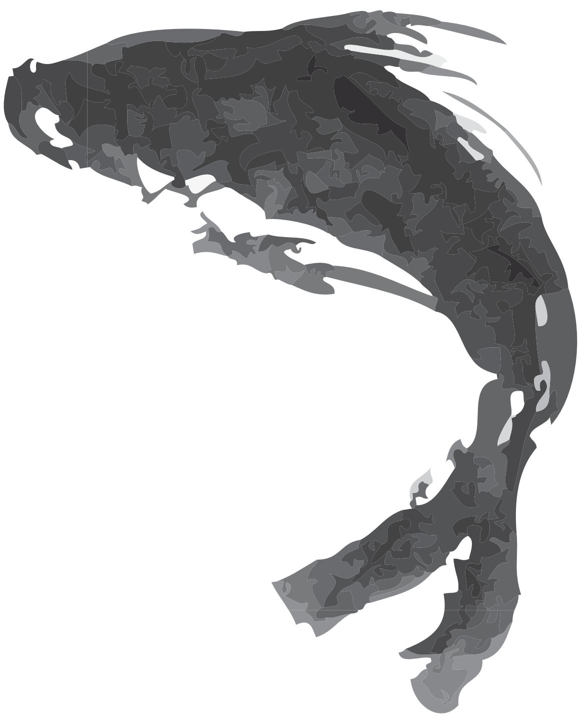
The Cross-Harbour (Holdings) Limited

(Stock Code : 32)





ANNUAL REPORT 2015

Contents

Corporate Information

Board of Directors

Executive Director

Cheung Chung Kiu *(Chairman)*

Yeung Hin Chung, John, SBS, OBE, JP *(Managing Director)*

Yuen Wing Shing

Wong Chi Keung

Leung Wai Fai

Tung Wai Lan, Iris

Independent Non-executive Director

Ng Kwok Fu

Luk Yu King, James

Leung Yu Ming, Steven

Audit Committee

Luk Yu King, James *(Chairman)*

Ng Kwok Fu

Leung Yu Ming, Steven

Remuneration Committee

Leung Yu Ming, Steven *(Chairman)*

Cheung Chung Kiu

Ng Kwok Fu

Nomination Committee

Cheung Chung Kiu *(Chairman)*

Ng Kwok Fu

Leung Yu Ming, Steven

Authorised Representative

Yeung Hin Chung, John

Leung Wai Fai *(Alternate to Yeung Hin Chung, John)*

Yuen Wing Shing

Wong Chi Keung *(Alternate to Yuen Wing Shing)*

Company Secretary

Leung Shuk Mun, Phyllis Sylvia

Legal Adviser

Woo, Kwan, Lee & Lo

Registered Office

3301-3307, China Resources Building
26 Harbour Road
Wanchai
Hong Kong
Tel: (852) 2161 1888
Fax: (852) 2802 2080
Website: www.crossharbour.com.hk
Email: investors@crossharbour.com.hk

External Auditor

KPMG

Registrar & Transfer Office

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong
Tel: (852) 2980 1333
Fax: (852) 2810 8185

Principal Banker

The Hongkong and Shanghai Banking
Corporation Limited

Share Listing

The Stock Exchange of Hong Kong Limited
Stock Code: 32

Chairman's Statement

On behalf of the board of directors, I am pleased to present the annual results of the Group for the year ended 31 December 2015.

Performance

The Group reported a net profit of HK$619.8 million for the year ended 31 December 2015, representing an increase of 31.3% as compared with HK$472.2 million in 2014. The improvement was primarily attributable to the increase in profit contribution from tunnel operations and improved performance of the treasury segment as compared to the previous year. Earnings per share were HK$1.66 against HK$1.27 for 2014.

Final Dividend

A fourth and final dividend of HK$0.17 per share has been proposed and, if approved by the Shareholders, will result in total dividends of HK$0.35 per share for the year, representing an increase of 6.1% when compared with the previous year. Total dividends paid and proposed for the year will be HK$130.4 million.

Business Review and Outlook

Global growth for 2015 remained moderate and uneven, with modest pickup in advanced economies under accommodative monetary policy and a slowing in emerging markets amid the weak commodity price environment. US remained the primary driver of growth while the Mainland economy underwent a period of rebalancing followed by several rounds of interest rate and reserve requirement ratio cuts. China's unexpected move in August to liberalize the Renminbi reference rate had triggered large-scale market volatility and depreciation of the currency. Hong Kong's economy recorded moderate growth for the first half of 2015, however, the external headwinds resulting from the subdued global economic growth were stronger in the second half of the year, even cutting into the positive effects of resilient domestic demand. The performance of retail sales was dragged by the contraction of inbound tourism, while merchandise exports and imports deteriorated at an even faster pace. The residential property market also entered a correction phase after years of strong gain. In summary, while China's GDP growth for 2015 came in at a 25-year low of 6.9 per cent, Hong Kong's growth concluded at 2.4% with risk tilted towards the downside.

Stepping into 2016, these cyclical headwinds are likely to persist and the rout in global financial markets accelerates amid fears over slowing global economy and an escalation in geopolitical tension. Disinflation is gathering momentum, in particular in emerging markets and commodity-dependent countries. The outlook for crude oil price remains pessimistic due to supply demand imbalance. As China becomes the focus of global market risk aversion on fears of a deeper-than-expected growth slowdown, the depreciation of Renminbi poses a new deflationary threat. Tightening financial conditions, amid capital outflow and slightly higher borrowing costs after the US Fed hiked interest rate for the first time in nearly a decade will certainly weaken growth prospects for the Hong Kong economy. Amidst heightened risk of sharp corrections in asset prices, the Hong Kong property market is facing more intense pressure though the possibility of a sharp plunge remains low. As a downside risk to Hong Kong's economic growth is almost certain, we remain prudent on the outlook of the economy in the near term.

Chairman's Statement

Looking to the long term, stabilizing growth remains the top priority for the Mainland authorities under the 13th five-year plan despite the growing downward pressure on the Renminbi. Moreover, under the 'One Belt, One Road' Initiative — a key part of China's "Go Global" strategy, Hong Kong can benefit by playing a more proactive role in the co-operation platform, especially in the financial and legal arenas. As the largest offshore Renminbi centre, Hong Kong has the expertise and capabilities to continue to play a pivotal role of bridgehead and financial hub in China's integration into the global financial system and Renminbi internationalization, especially after the inclusion of Renminbi in the Special Drawing Rights currency reserve basket ("SDR").

Electronic Toll Operation

Autotoll Limited ("Autotoll"), 50% owned by The Autopass Company Limited (a 70% owned subsidiary), provides electronic toll clearing facilities in Hong Kong covering eleven different toll roads and tunnels. There are fifty-three auto-toll lanes in operation at present. Local economic growth fell short of expectation in 2015 and business sentiment again turns negative, the growth in tag subscribers for 2016 is expected to slow down. During the year under review, Autotoll rolled out a mobile application for motorists named "VGo" with the aim of maintaining customer loyalty and increasing market penetration in the long run. This App, in particular the features of navigation and real-time information on road traffic conditions, has been well received since its launch. In addition to its informative function, other life style features such as shopping discount and dinner privileges for Autotoll Club members are expected to further enhance customers' satisfaction and stickiness. In response to the growing popularity of electronic vehicles, Autotoll extended the payment platform of "VGo" to include electronic vehicle charging facilities and has secured three carparks for using "VGo" payment service.

A new licensing regime for operators of stored value facilities and retail payment systems under the Payment Systems and Stored Value Facilities Ordinance (the Ordinance) was enacted in November 2015, with the aim of promoting stability and integrity of the relevant payment infrastructure. Under the licensing regime implemented by the Hong Kong Monetary Authority, Autotoll is required to comply with the requirements set out in the Ordinance and additional cost has to be incurred for system upgrade. The implementation of the new regime, though posed a challenge to Autotoll, helps to strengthen public's confidence in the use of store value products and services, and Autotoll is expected to benefit in the long run.

Motoring School Operation

Alpha Hero Group ("AHG") (70% owned) operates driving training schools. It not only delivered a pleasing result but also made notable progress in the year under review. The higher throughput as compared with the previous year was primarily the result of better sales intake under continuing efforts by the management in promoting the brand attributes of professionalism and excellence. In addition, with the aim to achieve higher lesson income unit rate and spending per customer, AHG implemented a series of service and quality enhancement programs including extensive fleet replacement as well as intensive training workshops for frontline staff and driving instructors. Moreover, in response to increasing expectations from potential customers and to support its pricing strategy in the coming years, AHG has ushered in a new training model of "Learn to Drive, Train to Pass"— a structured curriculum with emphasis on fostering uniqueness and enhancing passing rate. In view of the increasing demand on technology advancement and the popularity of smart phone, information system was revamped to accommodate enhancements in both training course curriculum and customer service. New features were built-in to facilitate more effective communications with customers, such as online registration and lesson booking, electronic attendance system as well as learning progress assessment. Further, in view of the persistently low interest rates and the need to enhance the stability of the sales outlets in the long run, a shop space was acquired in Kowloon during the year.

Nevertheless, in the light of worsening economic sentiment and consumer spending, we envisage that 2016 is likely a challenging year for AHG. Competition among driving school operators remains vigorous. Moreover, given the limited land resources in Hong Kong, there are growing concerns in the society on land utilization. In order to meet the housing supply target proposed in the 2015 Policy Address, the Government had carried out a series of land use reviews aiming to identify land held under short-term tenancies which have the potential to be rezoned for residential use. As a result, the Apleichau Driving Centre was being identified as part of the proposed rezoning site along Lee Nam Road. If AHG loses its foothold on the Hong Kong Island, its market share in the coming years will inevitably be dampened. To mitigate the risk of loss of income resulting from the downsizing or discontinuation of operation in Apleichau, AHG spared no effort in negotiating for a replacement site and finally succeeded in securing a site adjacent to the existing driving centre. With a seamless handover arrangement, the operation of off-street driving training on the Hong Kong Island will continue without a hitch in the near term.

Tunnel Operations

(I) Western Harbour Tunnel Company Limited ("WHTCL") – *50% owned*

As a measure to improve cashflow for the coming years, WHTCL implemented its seventh toll increase with effect from 22 February 2015 and the average toll per vehicle increased from HK$60.0 in the last corresponding year to HK$64.3. The Western Harbour Tunnel ("WHT") recorded an increase of 3.6% in throughput in 2015 as compared with the last corresponding year, and outperformed the 2.1% increase in total cross-harbour traffic despite its toll increase. The average daily throughput of the WHT rose to 65,325 vehicle journeys and a new record high single daily throughput of 86,343 vehicle journeys was registered in December 2015. The market share of the WHT continued to account for over one quarter of the total cross-harbour traffic. Nevertheless, toll differentials among the three cross-harbour tunnels are expected to increase in the coming years, in particular after the expiry of franchise of the Eastern Harbour Tunnel in August 2016.

As mentioned in the Policy Address 2016, the Government has long adopted a public transport-oriented policy with railway as the backbone. In addition to the opening of the MTR West Island Line Kennedy Town extension in 2014, the commission of the South Island Line from Admiralty to South Horizons in late 2016 is expected to further reduce the demand for cross-harbour traffic. In summary, the increased supply of rail transport, toll differentials compared to other cross-harbour tunnels as well as the deteriorating tourism, remain the principal risks and uncertainties facing WHTCL in the near term.

The completion of an elevated single lane carriageway connecting the elevated Nga Cheung Road to the WHT southbound toll plaza, though delayed to 2018, will certainly alleviate road traffic congestion in the West Kowloon area. Moreover, other projects under construction that will be conducive to WHT's throughput in the long run include the Central-Wanchai Bypass, the Guangzhou-Shenzhen-HongKong Express Rail Link Project, the Hong Kong/Macau/Zhuhai Bridge, as well as the Central Kowloon Route.

(II) Tate's Cairn Tunnel Company Limited ("TCTCL") – *39.5% owned*

The performance of TCTCL in 2015 was pleasing as the average daily throughput of the Tate's Cairn Tunnel ("TCT") rose to 59,480 vehicle journeys, representing an increase of 4.3% as compared with the last corresponding year. Since the TCT will be transferred to the Government in mid-2018 upon the expiry of its 30 years' franchise, TCTCL has implemented its last toll increase which took effect from 1 January 2016 as a measure to enhance cashflow for the remaining years of the franchise. The increments are HK$1 for buses, HK$2 for motorcycles and HK$3 for private cars, taxis and every additional axle in excess of two, while the tolls for light buses and goods vehicles remain unchanged. The weighted average rate of increase is about 12%. There is a promotional discount of HK$3 for midnight empty taxis in the first six months upon new tolls implemented. Amid the conservative economic outlook, we anticipate TCTCL to continue to generate steady cashflow and deliver sustainable return for the Group in the coming year under the new toll.

Treasury Management Business

The Hong Kong stock market experienced vigorous fluctuations during the year under review as a result of the Mainland and global financial markets correction. Nevertheless, the overall performance of the Group's treasury segment was satisfactory as compared with the previous year and the improvement was mainly attributable to a significant fair value gain on its portfolio of listed securities as compared to a fair value loss recorded in the previous year.

Against the backdrop of a bearish sentiment, the global equities markets began in 2016 with big declines primarily due to the China market turmoil. A series of policy corrections in the management of the Chinese stock market has undermined investor confidence. Moreover, uncertainty over the pace of US interest rate normalization and economic recovery led to greater market volatility. The global financial market is expected to adjust and fluctuate for a prolonged period. On the other side, the Shenzhen-HK Stock Connect is anticipated to come next and add support to the Hong Kong stock market after the launch of the Mainland-Hong Kong Mutual Recognition of Funds in July 2015 and the successful inclusion of Renminbi into the SDR. Under such macroeconomic environment, we envisage challenges as well as opportunities in managing the Group's equity investments in the near future. In view of the increasing volatility of the stock market in the coming year, we remain conservative and cautious about the future prospects of the Group's portfolio of listed securities and unlisted investments, though the performance of individual security may not have a direct correlation with the overall market performance.

Looking Forward

The year of the Monkey will likely be another year of challenge given current precarious global economic conditions. Nevertheless, the Group will continue its prudent management to cope with its long-term growth strategy and at same time, we remain vigilant against risks of market adversity and their impacts on the Group's performance.

Acknowledgement

I would like to take this opportunity to extend my sincere appreciation to all the staff for their concerted efforts and continued dedication. Last but not least, I would like to express my gratitude to our shareholders for their support to the Group in the past years.

Cheung Chung Kiu
Chairman

Hong Kong, 23 March 2016

Operation Review

Electronic Toll Operation ("ETC")

The total number of tags in circulation was around 307,100 as at 31 December 2015 (2014: 294,500), representing an increase of 4% from the year before. Autotoll's penetration rate on licensed vehicles was about 40% on average. The overall usage of auto-toll facilities in all eleven toll roads and tunnels remained about 50% with the highest usage at the Tai Lam Tunnel at around 55%. The number of daily transactions handled by Autotoll was about 387,000 with toll amount of approximately HK$9.2 million. The number of subscribers for the Global Positioning System at the end of the year under review was about 12,900 (2014: 11,700), representing a 10% increase as compared with the previous year.

Environmental Policies and Performance

ETC system is a time saving mode for paying toll without stopping at the toll booths. Due to the elimination of the acceleration and idling, harmful vehicular emissions at the toll plaza areas are reduced. ETC not only helps in air pollutant reduction but also fuel saving. Moreover, Autotoll subscribers are also encouraged to choose electronic billing which is both environmentally friendly and cost saving.

Compliance with the Relevant Laws, Regulation and Standard

In respect of the security of its sizable customer database, Autotoll has fully complied with the requirements under the Personal Data (Privacy) Ordinance and the guidelines issued by the Office of the Privacy Commissioner for Personal Data.

To maintain a high quality standard of services, Autotoll will continue to pursue the ISO 9001, ISO 14001, ISO 18001 & ISO 10002 accreditation for its ETC maintenance services and customer services.

Key Relationship with Employees, Customers and Suppliers

Employees: Training classes, social interest classes and various staff activities were organized throughout the year to foster a collaborative working environment. Staff turnover for the year was 26.4% (2014: 20.6%). The turnover comprises mainly resignation of front-line and technical staff due to keen labour competition in the market.

Customers: Customer satisfaction survey was conducted by the Customer Services Department for evaluating the quality of services provided.

Suppliers: Autotoll maintains a good relationship with its sole supplier of ETC tags and central clearing system since commencement of business.

Motoring School Operation

An increase of 15% in tuition fees income was recorded in the year under review as compared with the previous year, as an aggregate result of a 14% increase in the demand for vehicle driving lessons and higher lesson income unit rate. The improvement in throughput was the result of vigorous and pro-active sales and marketing efforts, along with the implementation of a series of service and quality enhancement programs in the past year.

As of 31 December 2015, Alpha Hero Group ("AHG") had a team of over 300 driving instructors and a fleet of around 450 training vehicles, including private cars, light goods vehicles, medium goods vehicles, motorcycles, buses, skid cars, skid bikes and articulated vehicles. The training vehicles undergo regular vehicle inspections and maintenance to ensure performance and compliance with safety standards. In addition to various new learners' courses and driving improvement programs for individual learners, AHG also provides corporations with tailor-made driving courses for fleet drivers.

Environmental Policies and Performance

As a support to environment protection and energy conservation, a wide variety of evergreen trees and plants were planted throughout the compound of the three road safety centres. Hybrid-powered vehicles are selected for private car training as a measure to reduce both air pollution and fuel consumption.

Compliance with the Relevant Laws, Regulation and Standard

AHG has established policies, procedures and guidelines to ensure that all business activities strictly comply with the Road Traffic Ordinance, Motor Vehicles Insurance (Third Party Risks) Ordinance, Telecommunications (Low Power Devices) Order, Discrimination Legislation, Trade Descriptions Ordinance and the Code of Practice for Designated Driving School issued by the Commissioner for Transport, as well as the Personal Data (Privacy) Ordinance with a view to protecting the privacy of its customers.

Since 1998, AHG has obtained ISO 9001 accreditation for the design and provision of driving courses leading to the driving tests conducted by the Transport Department for private car, light goods vehicle, medium goods vehicle, articulated vehicle, bus and motorcycle (except for disabled persons).

Key Relationship with Employees, Customers and Suppliers

Employees: AHG has well-established channels for staff communication which mainly comprise the Joint Consultation Committee for each road safety centre, enquiry hotlines, morning briefings, etc. In addition, WhatsApp and email are used where appropriate. Various sport and social activities organized by the sports and social club help to promote cohesion and team spirit among staff members. Staff turnover for the year was 10.6% (2014: 9.1%). The turnover comprises mainly resignation of front-line sales and general staff. In order to maintain staff retention competitiveness, various structured training programs were organized to enhance staff development. During the year under review, over 300 hours training sessions were held for driving instructors and frontline staff.

Customers: A corporate Facebook page was set up to strengthen communication with the public and potential learner drivers. In addition, there are channels established for customer feedback such as customer hotline, focus group, questionnaire and corporate homepage.

Suppliers: For years, AHG maintains a good relationship with its key suppliers, e.g. car dealers and fuel suppliers, to secure timely services provided at discounted prices.

Tunnel Operations

Tate's Cairn Tunnel ("TCT")

The dual two-lane TCT was constructed at a total cost of HK$2 billion with a designed capacity of 78,500 vehicle journeys. TCT opened for traffic in June 1991 and is the longest road tunnel in Hong Kong. Competition mainly comes from the lower tolls at the Lion Rock Tunnel, Shing Mun Tunnels and the Eagle's Nest Tunnel (part of Route 8) which connects Cheung Sha Wan and Shatin Valley.

Toll

Toll remained unchanged during the year under review until a new toll was implemented on 1 January 2016.

Tunnel Usage

Throughput for the year was 21,710,349 vehicle journeys (2014: 20,820,945 vehicle journeys). The average daily throughput stood at 59,480 vehicle journeys (2014: 57,044 vehicle journeys), representing an increase of 4.3% from the previous year. Market share increased slightly from 29.4% in 2014 to 29.5% in 2015.

	Traffic Mix	
	2015	2014
Private Cars/Taxis and Motorcycles	**74.7%**	74.6%
Goods Vehicles	**17.0%**	17.1%
Buses	**8.3%**	8.3%
	100.0%	100.0%

In terms of vehicle mix profile and as compared to last year, usage by private cars category (i.e. private cars, taxis and motorcycles) increased from 74.6% to 74.7% and usage by goods vehicles category decreased from 17.1% to 17.0% while usage by buses remained the same as last year. The average net toll per vehicle decreased from HK$21.55 in 2014 to HK$21.54 in 2015.

Accidents

The traffic accident occurrence rate increased by 7.7% during 2015.

	Occurrence Rate Per million vehicle trips	
	2015	2014
Fatal Accidents	**0.00**	0.00
Traffic Accidents (Personal Injury)	**0.46**	0.58
Traffic Accidents (Damage Only)	**5.39**	4.85
TOTAL:	**5.85**	5.43

Breakdowns

The occurrence rate of breakdowns in 2015 decreased by 10.6% and the average time taken to attend the scene was maintained at within two minutes.

	2015	2014
Total Breakdowns (occurrence rate per million vehicle trips)	**20.86**	23.34
Daily Average Breakdowns	**1.24**	1.33

Infringements

The number of infringements per million vehicle trips increased by 7.1% in 2015.

	Number of Events Per million vehicle trips	
	2015	2014
Total Infringements Reported	**485**	453
Prosecutions	**59**	59

Maintenance

To ensure smooth operation of the tunnel, maintenance work on all major tunnel service systems, E&M installations, computer systems and civil constructions were carried out according to the Master Maintenance Program as well as the maintenance check sheets. No major equipment defects causing adverse effect on the normal tunnel operation were found.

To ensure high maintenance standards, quarterly and yearly maintenance were conducted and reports were submitted to the Highways Department, Transport Department and other concerned government departments for review.

Operation Review

Environmental Policies and Performance

Aware of the growing public concern on environmental issues, TCTCL has been taking a proactive approach to ensure its operations and other activities are implemented with a minimum impact on the environment, e.g. using bio-degradable detergent for washing tunnel walls. Moreover, in addition to the monthly air quality reports submitted to Environmental Protection Department and Transport Department, a voluntary internal environmental audit is conducted annually to achieve higher competency in improving the environmental performance of TCTCL.

In addition to the "Indoor Air Quality Certificate (Good Class)"granted by the Environmental Protection Department, TCTCL was also awarded the "Wastewi$e Label (Class of Excellence)" in recognition of its efforts in mitigating the creation of waste by way of 3R (Reduce, Reuse and Recycle) for consecutive years.

Compliance with the Relevant Laws, Regulation and Standard

TCTCL has fully complied with the requirements under Tate's Cairn Tunnel Ordinance and Project Agreement.

Key Relationship with Employees

Staff effort is the best guarantee to ensuring quality service to tunnel users. TCTCL highly values internal communications and is always open to new ideas and ways of solving challenges. In addition to a comprehensive range of in-house training programs, drills and exercises, various staff functions such as volunteer work and sports competitions are organized by the sports and social club aiming at enhancing staff morale and team spirit. Staff turnover for the year was 7.9% (2014: 10.3%).

Western Harbour Tunnel ("WHT")

The construction of the WHT was completed in April 1997 at a total cost of HK$7 billion. The dual three-lane tunnel has been under-utilised due to the lower tolls at the other cross-harbour tunnels and poor connecting roads leading to and from the WHT. Western Harbour Tunnel Company Limited ("WHTCL") will continue to work with the Government to improve the overall traffic flow of Hong Kong through better usage of the WHT.

Toll

With effect from 22 February 2015, WHTCL has implemented its seventh toll increase as a measure to increase revenue. Toll charges for private cars, taxis, light buses and goods vehicles have risen by HK$5 while the tolls for motorcycles and additional axles remain unchanged. Toll increases for single and double decked buses are HK$10 and HK$15 respectively.

The fourteenth toll gazettal took effect on 31 July 2015 due to the performance of the tunnel being below the target set in the Western Harbour Crossing Ordinance ("WHC Ordinance"). Although this permits the tunnel tolls to be raised, the actual toll remained unchanged since 22 February 2015 and the actual toll charge for all vehicle categories are substantially lower than the gazette toll. Both midnight empty taxi promotion and midnight goods vehicle promotion are extended till the end of July 2016.

Tunnel Usage

Throughput for the year was 23,843,658 vehicle journeys (2014: 23,006,349 vehicle journeys). The average daily throughput stood at 65,325 vehicle journeys (2014: 63,031 vehicle journeys), representing an increase of 3.6% from the previous year. Market share increased from 25.1% in 2014 to 25.5% in 2015.

	Traffic Mix	
	2015	2014
Private Cars/Taxis and Motorcycles	**77.5%**	76.7%
Goods Vehicles	**13.4%**	13.1%
Buses	**9.1%**	10.2%
	100.0%	100.0%

In terms of vehicle mix profile and as compared to last year, the private cars category (i.e. private cars, taxis and motorcycles) increased from 76.7% to 77.5% and usage by goods vehicle increased from 13.1% to 13.4% while buses category decreased from 10.2% to 9.1%. The average net toll per vehicle increased from HK$60.00 in 2014 to HK$64.31 in 2015 due to toll increase effective from 22 February 2015 and change in traffic mix.

Accidents

The traffic accident occurrence rate in 2015 decreased by 20.7% as compared to 2014.

	Occurrence Rate per million vehicle trips	
	2015	2014
Fatal Accidents	**0.00**	0.00
Traffic Accidents (Personal Injury)	**0.21**	0.39
Traffic Accidents (Damage Only)	**1.51**	1.78
TOTAL:	**1.72**	2.17

Breakdowns

The occurrence rate of breakdowns in 2015 decreased by 9% and the average time taken to attend the scene was maintained at within two minutes.

	2015	2014
Total Breakdowns (occurrence rate per million vehicle trips)	**8.18**	8.99
Daily Average Breakdowns	**0.53**	0.57

Escorts

	Number of trips	
	2015	2014
Dangerous Goods & Abnormal Goods	**1,493**	1,934

Infringements

The number of infringements per million vehicle trips decreased by 1.1% in 2015.

	Number of Events Per million vehicle trips	
	2015	2014
Total Infringements Reported	259	262
Prosecutions	30.2	23.3

Maintenance

Throughout the year 2015, all major tunnel systems operated in a safe and reliable condition. Preventive maintenance work was performed on all engineering systems and no major defects were found.

As an annual exercise, an independent consulting engineer was engaged in November 2015 to conduct a maintenance audit. The audit showed that all tunnel infrastructure and systems had been maintained in compliance with the Maintenance Manual, which is the standard agreed with the Highways Department.

Environmental Policies and Performance

As a commitment to supporting environmental initiatives, a wide variety of evergreen trees and plants were planted throughout the tunnel area. For energy saving purposes, LED lamps and motion activated lighting controls are widely used in the administration building and workshops. Variable Refrigerant Volume split type air-conditioners are installed for the South Control Point and induction lamps are used for traffic signs at autotoll lanes as well.

Compliance with the Relevant Laws, Regulation and Standard

WHTCL has fully complied with the requirements under the WHC Ordinance and Project Agreement. To maintain a high quality standard of services, WHTCL will continue to pursue the ISO 9001 accreditation, with emphasis on "Traffic Management & Handling Procedures" and "Toll Collection" under operating manual.

Key Relationship with Employees and Customers

Employees: Apart from regular departmental meetings and workgroup briefings, various communication mechanisms, e.g. Joint Consultative Committee, etc., were implemented. Staff activities were also organized throughout the year to foster a collaborative working environment. Staff turnover for the year was 18.7% (2014: 21%). The turnover comprises mainly resignation of front-line and junior technical staff due to keen labour competition in the market.

Customers: Various joint promotions were conducted such as the distribution of gasoline coupons and car care service coupons to tunnel users for their long-term support. A corporate Facebook page was set up to strengthen communications with the public by providing the latest news on the WHT.

Hong Kong, 23 March 2016

Management Discussion and Analysis

Commentary on Annual Results

(I) Review of 2015 Results

The Group reported a profit attributable to shareholders of HK$619.8 million for the year ended 31 December 2015, an increase of 31.3% compared with HK$472.2 million in 2014. Earnings per share were HK$1.66 compared to HK$1.27 for the previous year. The increase in 2015 was mainly attributable to an increase in contributions from tunnel operations and treasury segment resulting from positive fair value changes in trading securities.

The revenue of the Group was HK$397.4 million for the year, increased by HK$53.5 million or 15.6% as compared to HK$343.9 million recorded in 2014. The increase was attributable to the improved performance of motoring school operation and a net gain from disposal of securities investment. The motoring school operation recorded an increase in turnover of 15.0% to HK$325.0 million as a result of improvement in tuition fees income due to an increase in both demand for driving lessons and lesson income unit rate. Profit before tax therefrom increased by 9.7% to HK$135.2 million as compared to the HK$123.3 million recorded in the previous year. Treasury investment, being one of the core businesses, recorded a realised net gain of HK$16.2 million on disposal of securities investment during the year under review as compared to HK$6.5 million recorded in 2014. Dividend and interest income from listed investments in 2015 amounted to HK$21.8 million.

In addition, the Group's treasury segment recorded an unrealised fair value gain on trading securities of HK$57.6 million during the year under review against a loss of HK$0.8 million recorded in 2014. Revaluation deficit arising on an available-for-sale security of HK$10.5 million, as compared to HK$35.5 million recorded in the previous year, was transferred from the investment revaluation reserve to the consolidated statement of profit or loss as a result of impairment loss on that security at 30 June 2015.

The Group's share of profits less losses of associates has increased by 11.1% to HK$508.4 million as compared to HK$457.4 million in 2014 due to improved performance of both Western Harbour Tunnel Company Limited ("WHTCL") and Tate's Cairn Tunnel Company Limited ("TCTCL"). WHTCL recorded a 11.1% increase in toll revenue after the implementation of toll increase in February 2015, whereas TCTCL also registered a 4.1% increase in toll income as a result of an increase in throughput. After accounting for the amortization of fair value in excess of net book value of WHTCL and TCTCL as at the completion dates of the acquisitions in 2008, profit contributions from WHTCL and TCTCL for the year were HK$443.8 million and HK$64.6 million respectively, as compared to HK$397.6 million and HK$59.7 million recorded in the previous year.

The Group's share of profits of a joint venture, Autotoll Limited, which operates an electronic toll collection system, was HK$16.3 million for the year under review against HK$14.7 million recorded in the previous year, representing an increase of 10.9% as a result of an increase in administration fee income.

Commentary on Annual Results *(continued)*

(II) Treasury Investments

As at 31 December 2015, the Group maintained a portfolio of investments with an aggregate fair value of HK$1,251.3 million (31 December 2014: HK$649.5 million). The portfolio composed of HK$895.1 million equity investments listed in Hong Kong and HK$356.2 million unlisted investment funds managed by financial institutions. The increase in portfolio balance before adjustments for fair value changes and movements in the investment revaluation reserve was primarily attributable to the additional HK$392.2 million listed shares and HK$76.0 million unlisted investment fund purchased during the year under review. In addition to an unrealised fair value gain on trading securities, the Group also recorded a significant increase in the investment revaluation reserve in the amount of HK$181.3 million which was primarily attributable to certain listed securities investments purchased during the year under review. Further details of the Group's investment portfolio in respect of its classification and fair value measurement are provided in notes 14, 15 and 21(f) (i) to the financial statements on pages 88, 89, 102 to 104.

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 2015, these facilities were not utilized by the Group.

(III) Liquidity and Financial Resources

As at 31 December 2015, the Group had bank balances and deposits in the amount of HK$2,086.6 million. The Group did not have any debts outstanding as at 31 December 2015 and 2014. 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. Further information on the Group's foreign currency exposure is provided in note 21(d) to the financial statements on pages 99 and 100.

(IV) Comments on Segmental Information

The principal activity of the Company is investment holding.

The principal activities of the Company's subsidiaries, associates and a joint venture are motoring school operation, treasury management and securities investment, tunnel operation and electronic toll collection. Further information on the segmental details is provided in note 2(b) to the financial statements on pages 72 to 74.

(V) Employees

The Group has 507 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$157.8 million. Detailed information is set out in note 4 to the financial statements on page 75.

The Company also operates a Share Option Scheme, details of which are set out in the Report of the Directors on pages 38 to 41.

Hong Kong, 23 March 2016

Directors and Senior Management

Executive Directors / Senior Management

Cheung Chung Kiu, aged 51, was appointed Chairman of the Company on 21 March 2001 and also holds directorships in certain other members of the Group. Mr. Cheung was born and educated in Chongqing. He set up Chongqing Industrial Limited ("Chongqing Industrial", a company engaged mainly in the trading business in the PRC) in 1985. He is the founder and chairman of Yugang International Limited ("Yugang International"), chairman and managing director of Y. T. Realty Group Limited ("Y. T. Realty") and chairman of C C Land Holdings Limited ("C C Land"), all being public listed companies in Hong Kong. He is a director of Palin Holdings Limited, Chongqing Industrial, Yugang International (B.V.I.) Limited ("Yugang BVI"), Funrise Limited ("Funrise"), Y. T. Investment Holdings Limited ("Y. T. Investment") and Honway Holdings Limited ("Honway") which, together with Yugang International and Y. T. Realty, are companies disclosed in the section headed "Interests and Short Positions of Shareholders" on page 41.

Yeung Hin Chung, John, SBS, OBE, JP, aged 69, was appointed Managing Director of the Company on 1 August 2001 and also holds directorships in certain other members of the Group. Mr. Yeung holds a doctoral degree in management. Prior to joining the Company, he had held various key management positions in the Government of Hong Kong, where he last served as Deputy Director of Immigration; and in the private sector, where he last worked as the chief executive of a large trading consortium. Mr. Yeung is a member of the Board of Governors of the Hong Kong Philharmonic Society. He is also an Honorary Institute Fellow of the CUHK Asia-Pacific Institute of Business and a member of the CUHK Advisory Group on Undergraduate Studies in Business, the CPCE Advisory Committee of PolyU and the HKU SPACE Foundation Steering Committee. He is an independent non-executive director of RoadShow Holdings Limited, a public listed company in Hong Kong.

Yuen Wing Shing, aged 69, was appointed Executive Director of the Company on 21 March 2001 and also holds directorships in certain other members of the Group. Mr. Yuen holds a diploma in management studies from The Hong Kong Polytechnic University. Prior to joining the Company, he had held senior management positions with a major bank in Hong Kong for over 20 years. He is the managing director of Yugang International and an executive director of Y. T. Realty. He is a director of Yugang BVI, Funrise, Y. T. Investment and Honway.

Wong Chi Keung, aged 60, was appointed Executive Director of the Company on 21 March 2001 and also holds directorships in certain other members of the Group. Mr. Wong holds a doctoral degree in business and is a member of the Royal Institution of Chartered Surveyors, Hong Kong Institute of Housing, the Chartered Institute of Housing and the Guangxi Committee of the Chinese People's Political Consultative Conference, Nanning City. He is a fellow of the Hong Kong Institute of Real Estate Administrators and The Hong Kong Institute of Directors and an honorary fellow of Guangxi Academy of Social Sciences. Mr. Wong has held various senior executive positions with some of Hong Kong's leading property companies and property consultant firms for the past 30 years. He has also taken an active role in public and voluntary services. He is a deputy chairman and an executive director of C C Land and an independent non-executive director of Water Oasis Group Limited, both being public listed companies in Hong Kong, and a director of Y. T. Investment and Honway.

Executive Directors / Senior Management *(continued)*

Leung Wai Fai, aged 54, was appointed Executive Director of the Company on 21 March 2001 and also holds directorships in certain other members of the Group. Mr. Leung graduated from University of Wisconsin-Madison with a bachelor's degree in business administration. He is a fellow of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He is an executive director of C C Land and the group financial controller of Yugang International.

Tung Wai Lan, Iris, aged 50, was appointed Executive Director of the Company on 21 March 2001 and also holds directorships in certain other members of the Group. Ms. Tung holds a master of philosophy degree from The Chinese University of Hong Kong. She is an executive director of Y. T. Realty and a director of Y. T. Investment and Honway.

Independent Non-executive Directors

Ng Kwok Fu, aged 44, was appointed Independent Non-executive Director of the Company on 30 September 2004. Mr. Ng holds a certificate in accounting from Grant MacEwan Community College of Canada. He has over 20 years of experience in the marketing, trading, purchasing and developing of construction materials as well as in technical control, support and management in building projects. He is an independent non-executive director of Yugang International and Y. T. Realty.

Luk Yu King, James, aged 61, was appointed Independent Non-executive Director of the Company on 10 September 2007. Mr. Luk graduated from The University of Hong Kong with a bachelor of science degree. He is a fellow of the Association of Chartered Certified Accountants, an associate of the Hong Kong Institute of Certified Public Accountants and an ordinary member of the Hong Kong Securities and Investment Institute. He has over 10 years of experience in corporate finance and in securities & commodities trading business, working with international and local financial institutions. He is an independent non-executive director of Yugang International and Y. T. Realty.

Leung Yu Ming, Steven, aged 56, was appointed Independent Non-executive Director of the Company on 1 October 2007. Mr. Leung received his bachelor of social science degree from The Chinese University of Hong Kong and master's degree in accountancy from Charles Sturt University of Australia. He is an associate of The Institute of Chartered Accountants in England and Wales and a fellow of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and The Taxation Institute of Hong Kong. He is also a certified practising accountant in Australia and a practising certified public accountant in Hong Kong. Mr. Leung commenced public practice in auditing and taxation in 1990 and is currently a senior partner in a CPA firm. He has over 28 years of experience in assurance, financial management and corporate finance, having worked previously in the International Finance and Corporate Finance Department of Nomura International (Hong Kong) Limited as assistant vice president. He is an independent non-executive director of Suga International Holdings Limited, Yugang International, Y. T. Realty and C C Land, all being public listed companies in Hong Kong.

Corporate Governance Report

Shareholder Value

The Company has always been committed to upholding the principles of good corporate governance. These principles highlight an effective board, a sound internal control system as well as transparency and accountability. The board considers such commitment essential in balancing the interests of various stakeholders and the Company and its subsidiaries (the "Group") as a whole. The Company sees to it that the corporate governance agenda is focused on improving performance and not just bogged down in conformity and compliance.

Corporate Governance

This report sets out the Company's application in the year to 31 December 2015 of the Corporate Governance Code (the "CG Code") set out within Appendix 14 to the Main Board Listing Rules (the "Listing Rules"). To ensure that governance standards are met, and that processes are in place to ensure continuous improvements, the full board assumes the corporate governance duties rather than delegating the responsibility to a committee.

During the year up to the date of this report, the board conducted an annual review of (a) the Company's policies and practices on corporate governance; (b) the training and continuous professional development of directors (including senior management); (c) the Company's policies and practices on compliance with legal and regulatory requirements; and (d) the conduct codes applicable to employees and directors, and half-yearly reviews of the Company's compliance with the CG Code and the relevant disclosure in the interim report and in this report. In the opinion of the board, the Company complied with the principles and the code provisions of the CG Code in all respects throughout the year save for the deviation described below.

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 at least once every three years. 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.

Disclosure of Inside Information / Directors' Dealings

The Company is aware of its obligations under Part XIVA of the Securities and Futures Ordinance (Cap. 571) and the Listing Rules concerning inside information and has established a policy on the disclosure of inside information having regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission. Apart from the duty to report in the manner prescribed by the policy, directors, officers and employees must also not deal in the shares of the Company at any time when they are in possession of unpublished inside information.

Directors' dealings are governed by a code adopted by the Company (the "Securities Code") (of which the Model Code for Securities Transactions by Directors of Listed Issuers set out within Appendix 10 to the Listing Rules as amended from time to time (the "Model Code") forms part). Each director will be given a copy of the Securities Code at the time of his or her appointment and a copy of the revised Securities Code in a timely manner. Directors will be notified in advance of the commencement of each period during which they are not allowed to deal, or are advised not to deal, in the Company's securities with reminders of their obligations under both codes.

All directors confirmed that they had complied with the required standard set out within the Model Code and the Securities Code throughout the year.

The Company has also adopted a code for relevant employees (within the meaning of the CG Code) regarding securities transactions no less exacting than the Model Code. Relevant employees will be notified in advance of the commencement of each period during which they are not allowed to deal, or are advised not to deal, in the Company's securities with reminders of their obligations under the code.

The Board

Corporate governance functions, as noted above, are performed by the board which assumes responsibility for leadership and control of the Company. Directors being pillars of corporate governance act at all times honestly and exercise care, diligence and skill in the discharge of their duties. The board is collectively responsible for promoting the success of the Company and seeks to balance broader stakeholder interests and those of the Group.

The Board *(continued)*

Board balance

The board, which is chaired by Mr. Cheung Chung Kiu, comprises nine members. The composition of the board is shown in the corporate information section on page 1. All members served on the board throughout the year up to the date of this report.

Brief biographical details of the directors appear in the directors and senior management section on pages 17 and 18.

The Company embraces the benefits of having a diverse board and directs that the review of this be a collective effort of the board and the nomination committee. The appointment or re-appointment of a director shall first be considered by this committee with reference to the policies adopted by the Company governing the nomination and diversity of board members. Recommendations of the committee will then be put forth at the next board meeting for directors' consideration and approval, as appropriate. In designing board composition, the balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business will all be taken into account.

In the opinion of the nomination committee, an appropriate level of diversity on the board has been achieved, and a balanced composition of executive directors and independent non-executive directors, the latter being of sufficient calibre and number for their views to carry weight in the board's deliberations, has been maintained, throughout the year. The committee has noted that none of the independent non-executive directors has any interests or relationships that could materially interfere with his independent judgment and concluded that all independent non-executive directors remain independent.

Board meetings are held regularly four times a year and additionally as needed to discharge the board duties effectively. Regular scheduled meetings are also held by the board committees to discharge their duties effectively. Independent non-executive directors, as equal board members, give the board and its committees on which they serve the benefit of their skills, expertise and diverse backgrounds and qualifications through regular meeting attendance and active participation. They also attend general meetings and develop a balanced understanding of the views of shareholders.

The Board *(continued)*

Attendance at board and general meetings

Four regularly scheduled meetings of the board and an annual general meeting were held during the year. Attendance of each director at the above meetings is shown below.

	No. of meetings attended/held	
	annual general meeting	regular board meeting
Executive Director		
Cheung Chung Kiu *(Chairman)*	1/1	3/4
Yeung Hin Chung, John *(Managing Director)*	1/1	4/4
Yuen Wing Shing	1/1	4/4
Wong Chi Keung	1/1	4/4
Leung Wai Fai	1/1	4/4
Tung Wai Lan, Iris	1/1	4/4
Independent Non-executive Director		
Ng Kwok Fu [1]	1/1	4/4
Luk Yu King, James [2]	1/1	4/4
Leung Yu Ming, Steven [2]	1/1	4/4

Notes:

1 Mr. Ng Kwok Fu was appointed for a term commencing 21 May 2015 and ending at the close of the annual general meeting in 2018.

2 Mr. Luk Yu King, James and Mr. Leung Yu Ming, Steven were appointed for a term commencing 30 May 2014 and ending at the close of the annual general meeting in 2017.

3 Non-executive directors are subject to retirement by rotation and eligible for re-election in accordance with the Company's articles of association and all applicable laws.

Apart from regular board meetings, the chairman also held a meeting with the independent non-executive directors without the executive directors present during the year.

The appointment of management

The board, led by the chairman, is accountable to shareholders for the overall management and performance of the Group. This requires continuing attention, the board therefore appoints management, which is made up of executive committee members, with additional members from the second line of management. The managing director in turn delegates aspects of the management and administration functions to senior executives who report directly to him on a regular basis.

The Board *(continued)*

Delegations to management and reserving matters for the board

The board sets the business strategy of the Group and monitors its development. It delegates other matters to management while reserving certain decisions and actions for itself and performing them effectively. There is a written statement of matters reserved for the board and those delegated to management. These arrangements are reviewed on an annual basis to ensure that they remain appropriate to the needs of the Company.

This statement recognises nine broad categories into which reserving matters for the board may fall, namely (1) board and senior management; (2) relations with the members and stakeholders; (3) financial matters; (4) business strategy; (5) capital expenditures; (6) lease or purchase of buildings; (7) major transactions not included in the budget; (8) actions or transactions involving legality or propriety; and (9) internal control and reporting systems.

The board sees to it that management is managing properly and does not exceed its remit. The statement gives clear directions as to the powers of management. These include executing the business strategies and initiatives adopted by the board, approving investments and divestments as well as managing the Group's assets and liabilities in accordance with the policies and directives of the board. Management carries out such specific duties as to prepare interim and annual accounts/reports, and to implement and monitor the Company's financial controls and systems of risk management and internal control. Management typically meets each month to review the operating and financial performance of the Group against agreed budgets and targets.

Supply of and access to information

The board and individual directors have separate and independent access to senior management at all times. The management ensures that the board and its committees receive adequate information, board papers and related materials in a timely manner to enable them to make informed decisions. All directors have access to the advice and services of the company secretary, who is responsible to the board to ensure that board procedures are being followed and that applicable rules and regulations are being complied with. Every director or board committee member can seek independent professional advice in appropriate circumstances at the Company's expense.

Directors' responsibilities

On appointment to the board, each director receives an induction package covering the latest information about the financial position of the Group as well as guidelines on directors' duties and corporate governance. In addition, all members of the board are provided with monthly updates so that they can have a balanced and understandable assessment of the Group's performance, position and prospects. New directors are welcome to visit the operating divisions to gain a proper understanding of the Group's business operations.

The Board *(continued)*

Directors' responsibilities *(continued)*

The mini-library maintained for the company secretarial department is open to all directors. Stocked with corporate publications and governance procedures, it also collects applicable rules, ordinances, codes and acts. Directors are welcome to visit the library and borrow those materials.

The Company recognises directors' need for continuous professional development and ensures that sufficient training opportunities are being provided to the directors from time to time to develop and refresh their knowledge and skills. During the year, the Company continued to arrange and fund suitable training for its directors.

According to the records provided to the Company, each director received no less than five hours of training through seminars, programmes, and the like, or reading during the year.

Insurance cover

The Company has appropriate insurance cover in respect of legal action against its directors and officers. The extent of insurance cover is reviewed by management on an annual basis.

Chairman and Managing Director

The positions of chairman and managing director are held by separate individuals with the defined roles of managing the board and managing the affairs of the Company respectively. The board considers that vesting the roles in different individuals is essential in ensuring a balance of power and authority and in upholding independence, accountability and responsibility with respect to the management of the Company. The division of responsibilities between the chairman and managing director has been clearly established and set out in writing.

The chairman provides leadership for the board, ensuring its effectiveness in all aspects of its role. The managing director, supported by the management team, provides planning and implementation.

The chairman ensures that all directors are properly briefed on issues arising at board meetings and that all key and appropriate issues are discussed by the board in a timely manner. Board meetings for each year are scheduled in advance to give all directors an opportunity to attend, and are structured to encourage open discussion. All board members are encouraged to update their knowledge of and familiarity with the Group through active participation at board meetings.

The chairman settles the agenda for each individual board meeting, taking into account any additional items proposed by the managing director and arising from current operating issues, as well as such other matters as may be raised by the other directors with him, who can include them on the agenda. The agenda and accompanying board papers are sent in full to all directors where possible at least three days before the time appointed for the meeting.

Chairman and Managing Director *(continued)*

It is also the chairman's responsibility to control board meetings, to lead discussions to clear conclusions, and to satisfy himself that the secretary of the meeting has understood each conclusion reached. The company secretary and financial controller attend the meetings to advise on corporate governance and accounting and financial matters, where appropriate.

Minutes of board meetings and meetings of board committees are kept by a duly appointed secretary of the meeting and open for inspection by any director. Draft and final versions of minutes of board meetings are sent to all directors for their comments and records respectively.

Accountability and Audit

Financial reporting

The directors are responsible for preparing the accounts. The board seeks to give a balanced, clear and understandable assessment in annual and interim reports, other price-sensitive announcements and other financial disclosures required by the Listing Rules. It also does so for reports to regulators and information disclosed under statutory requirements.

The directors are also responsible for the integrity of financial information and for ensuring its timely disclosure. Arrangements are made which will allow them to be satisfied that the accounts are true and fair, which accurately disclose the financial position of the Company and comply with statutory requirements and applicable accounting standards.

Internal controls

The board ensures the adequacy of the accounting systems and appropriateness in respect of the human resources for the financial reporting function. It is also the responsibility of the board to see to it that the Company maintains sound and effective internal controls to safeguard shareholders' investment and the Company's assets and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

The board has delegated authority for reviewing the Group's internal controls to its audit committee. The audit committee receives a system review report annually from the management with regard to the operational aspects of internal controls over the areas of key risk identified. The chairman of the audit committee reports on the review of internal controls and any matters arising to the board at the following board meeting. Using the above process, the duty to review the internal control system is properly discharged.

In line with the requirements of the CG Code, the board scheduled an annual meeting in December 2015 to conduct a review of the effectiveness of the Group's internal controls and an additional meeting in March 2016 for an update. Each such review covered all material controls, including financial, operational and compliance controls and risk management functions and gave due consideration to the adequacy of resources, staff qualifications and experience, training programmes and budget of the accounting and financial reporting function. Nothing wrong or improper was noted on both occasions.

Accountability and Audit *(continued)*

Internal controls *(continued)*

The Company has clearly established written policies and procedures regarding internal controls applicable to operational units. When devising and reviewing such policies and procedures, it is recognised that the Company's system of internal controls is designed to assist the directors in obtaining reasonable assurance that problems are identified on a timely basis and dealt with appropriately. It is further recognised that the purpose of internal controls is to help manage and control, rather than eliminate, risks and that all internal control systems can only provide reasonable, and not absolute, assurance against misstatement or loss.

The Company has also a process for identifying, evaluating, and managing significant risks to the achievement of its operational objectives. This process is subject to continuous improvement and was in place throughout the year up to the date of this report. In formulating the risk management strategy, the board ensures that the risks facing the Company have been assessed, and that the policies for handling them are up to date and being complied with. No failures or inadequacies were reported during the year up to the date of this report.

Board Committees

The board is supported in its decisions by the four principal committees described below. The terms of reference of all except the executive committee are available on the website of the Company.

The executive committee

In directing and supervising the Company's affairs, the board is supported by an executive committee whose membership is exclusive to executive directors, who also make up senior management. There are six members in office, all of whom served on the committee throughout the year up to the date of this report.

The executive committee is vested with the powers of the directors by the Company's articles of association or otherwise expressly conferred upon them, as defined by its terms of reference.

The remuneration committee

The remuneration committee, which is chaired by Mr. Leung Yu Ming, Steven, comprises three members, as shown in the corporate information section on page 1. All members served on the committee throughout the year up to the date of this report.

This committee supports the board in determining the remuneration packages of individual executive directors. It further assists the board in making recommendations on the Company's remuneration policy and structure, in reviewing and approving the management's remuneration proposals as well as in making recommendations on the remuneration of non-executive directors.

Board Committees *(continued)*

The remuneration committee *(continued)*

The remuneration committee met once during the year with perfect attendance. No member took part in any discussion, recommendation or decision concerning his remuneration at the meeting.

	No. of meetings attended/held
Leung Yu Ming, Steven *(Chairman)*	1/1
Cheung Chung Kiu	1/1
Ng Kwok Fu	1/1

The Group's remuneration approach seeks to attract, motivate and retain the executive talent that is essential for the implementation of its business strategy towards sustained and long-term returns for shareholders. Its remuneration structure comprises fixed and variable components, including salaries, discretionary bonuses (without capping), retirement scheme contributions and share options.

The emoluments received by every executive director and senior executive are determined with reference to individual and company performance, industry specific remuneration benchmarks and prevailing market conditions, subject to annual assessment.

The remuneration committee recommends non-executive director fees annually, based on market practices, time commitment and level of responsibility. These recommendations are then put to a meeting of the board for approval.

During the year, the remuneration committee reviewed and approved the management's remuneration proposals. It also reviewed, among other matters, directors' fees and remuneration policy and structure. The committee fixed the remuneration packages of individual executive directors, focusing on salary levels in comparator companies and role, responsibility and performance of the individual executive director so as to align management incentives with shareholders' interests.

The committee is confident that the remuneration policy, which was applied in the year under review and is expected to be applied in future years and beyond, dovetails with the overall corporate goals and objectives. In the opinion of the committee, the executive remuneration levels for the year were in line with the market.

Details of the directors' remuneration for the year are set out in note 6 to the financial statements on pages 77 and 78.

Board Committees *(continued)*

The nomination committee

The nomination committee, which is chaired by Mr. Cheung Chung Kiu, comprises three members, as shown in the corporate information section on page 1. All members served on the committee throughout the year up to the date of this report.

This committee serves as an advisory committee to recruit, screen and recommend board candidates for the board. Its primary role is to ensure that the right mix of talent, skills and experience as well as diversity on the board is retained. To this end, the committee reviews the relevant policies and the board structure, size and composition; assesses the independence of independent non-executive directors; and advises on directors' appointment or re-appointment and the management of board succession.

The nomination committee met once during the year with perfect attendance.

	No. of meetings attended/held
Cheung Chung Kiu *(Chairman)*	1/1
Ng Kwok Fu	1/1
Leung Yu Ming, Steven	1/1

A nomination policy has been established by the Company for the selection and appointment of candidates nominated to the board. When assessing the suitability of a candidate, factors such as time commitment, expertise and industry experience as well as integrity and skill will be taken into consideration as a whole and the candidate should be able to demonstrate the competency required for a listed company director. In the case of independent non-executive directors, they must further satisfy the independence criteria set out within Rule 3.13 of the Listing Rules. Selection of candidates will also be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, or professional experience. These objectives are documented in a board diversity policy which has also been established by the Company to ensure that diversity, in its broadest sense, remains a central feature of the board.

During the year, the nomination committee reviewed the board composition and independence of independent non-executive directors, and considered the suitability of those retiring directors standing for re-election at the next annual general meeting as well as the need for a director succession plan. The committee also reviewed the nomination policy and the board diversity policy and discussed the objectives set for implementing the latter, and noted that those objectives had been achieved. The committee concluded that the board composition should continue unchanged.

Board Committees *(continued)*

The audit committee

The audit committee, which is chaired by Mr. Luk Yu King, James, comprises three members, as shown in the corporate information section on page 1. All members served on the committee throughout the year up to the date of this report.

This committee supports the board in considering matters relating to appointment of the external auditor and in the review of the Company's financial information. The committee has also an oversight role over the Company's financial reporting system, risk management and internal control systems and seeks to ensure that proper arrangements are in place for fair and independent investigation of possible improprieties in financial reporting, internal control or other matters and for appropriate follow-up action.

Meetings of the audit committee are held at least bi-annually with the external auditor and tri-annually with management.

The audit committee met three times during the year with perfect attendance.

	No. of meetings attended/held
Luk Yu King, James *(Chairman)*	3/3
Ng Kwok Fu	3/3
Leung Yu Ming, Steven	3/3

During the year, the audit committee reviewed the interim and annual reports and accounts, paying attention to any changes in accounting policies and practices, major judgmental areas and significant adjustments resulting from audit as well as financial controls, internal control and risk management systems. The work and findings of the committee were reported to the board.

At the December meeting, the audit committee reviewed the Company's financial controls and internal control systems (with reference to the 2015 system review report prepared by management), non-audit services policy and whistle-blowing procedures.

In the opinion of management, an adequate internal control system had been established and maintained to facilitate the effectiveness and efficiency of operations; to safeguard assets against unauthorised use and disposition; to ensure the maintenance of proper accounting records and the truth and fairness of the financial statements; to ensure the adequacy of resources, staff qualifications and experience, training programmes and budget of the accounting and financial reporting function; to allow fair and independent investigation of possible improprieties in financial reporting, internal control or other matters and appropriate follow-up action; and to ensure compliance with relevant legislation and regulations. Further, there revealed no significant areas of improvement which were required to be brought to the committee's attention. The committee concurred, and was satisfied that management had performed its duty to have an effective internal control system.

Board Committees *(continued)*

The audit committee *(continued)*

At the meeting last held in March 2016, the audit committee reviewed the 2015 annual results, risk management and internal control systems and effectiveness of the internal audit function, and discharged its other duties under the CG Code.

The audit committee was satisfied that KPMG had demonstrated the independence and objectivity required for external auditors and that the audit process had been effective. During the year, KPMG also provided interim review the provision of which did not, in the opinion of the committee, compromise the independence of KPMG's audit team.

KPMG were remunerated a total of HK$2.59 million for services rendered to the Group during the year, of which HK$2.19 million were audit fees and HK$0.40 million were fees for interim review.

No material impact of the new and revised accounting standards on the 2015 annual accounts was reported, nor were there any significant financial reporting judgments contained in them.

Management confirmed that there had neither been changes in the nature and extent of significant risks nor in the Company's activities, business or operating units and internal control procedures since last review. All systems of internal controls and risk management were operated and maintained effectively and there was no major issue regarding such procedures.

At the conclusion of the meeting, the chairman confirmed the adequacy and effectiveness of the Group's internal control system, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the accounting and financial reporting function. Adequacy of resources and effectiveness of the internal audit function, as well as its standing within the Company and co-ordination with KPMG, were also confirmed. Recommendations were made on the re-appointment of KPMG as the external auditor of the Company for the ensuing year and on the submission of the 2015 annual accounts for shareholder approval at the forthcoming annual general meeting.

Communication with Shareholders

The board has established a shareholders' communication policy, which sets out the Company's approach to maintain an on-going dialogue with its shareholders and potential investors. The policy is reviewed annually to ensure its effectiveness.

Shareholders' Rights

The Company must hold its annual general meeting in respect of each financial year in every calendar year. General meetings not being annual general meetings are referred to as extraordinary general meetings in the procedures described below. These procedures are subject to the articles of association of the Company, the Companies Ordinance (Cap. 622) and applicable legislation and regulations.

Procedures to convene extraordinary general meeting

1. Shareholders representing at least five per cent (5%) of the total voting rights of all the shareholders having a right to vote at extraordinary general meetings may request the directors to call an extraordinary general meeting.

2. A request, which must state the general nature of the business to be dealt with and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting, must be signed and be deposited at the registered office of the Company for the attention of the company secretary. The request may consist of several documents in like form, each signed by one or more of the shareholders concerned.

3. If the directors do not within twenty-one (21) days after the date on which the request is received by the Company proceed duly to call an extraordinary general meeting for a date not more than twenty-eight (28) days after the date of the notice convening the meeting, the shareholders concerned, or any of them representing more than one-half of the total voting rights of all of them, may themselves call a meeting for a date not more than three (3) months after the date of receipt of the request by the Company.

4. The meeting so requested by shareholders must be called in the same manner, as nearly as possible, as that in which that meeting is required to be called by the directors, and any reasonable expenses incurred by the shareholders must be reimbursed by the Company.

5. An extraordinary general meeting (other than an adjourned meeting) must be called by notice in writing of, in the case of a meeting called for the passing of a special resolution, at least twenty-one (21) days and not less than ten (10) clear business days; and in any other case, at least fourteen (14) days and not less than ten (10) clear business days. A meeting may be convened by shorter notice if it is so agreed in writing by all shareholders.

Shareholders' Rights *(continued)*

Procedures to put forward proposals at general meeting

1. In addition to the right to request directors to call an extraordinary general meeting, shareholders shall also have the right to request circulation of resolutions which may properly be moved at an annual general meeting provided that requests are made by shareholders representing at least two point five per cent (2.5%) of the total voting rights of all the shareholders who have a right to vote on the resolution at the annual general meeting to which the requests relate; or by at least fifty (50) shareholders having that same right.

2. A request, identifying the resolution of which notice is to be given, must be signed and be deposited at the registered office of the Company for the attention of the company secretary not later than six (6) weeks before the annual general meeting to which the requests relate; or if later, not later than the time at which notice is given of that meeting. The Company shall circulate the resolution at its own expense to all shareholders.

3. A shareholder who wishes to propose a person (other than a retiring director and any person recommended by the directors for election) for election as a director at a general meeting must give notice in writing of such intent and notice in writing by that person and accompanying personal information, being information required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, must also be given to the Company at its registered office for the attention of the company secretary not earlier than the day after the dispatch of the notice of the general meeting appointed for such election and not later than seven (7) days prior to the date of such meeting. The first notice must be signed by the shareholder concerned, and the second notice must be signed by the proposed new director to indicate his or her willingness to be elected and consent to publication of the relevant information.

   Note: In order that shareholders have sufficient time to receive and consider the information of the proposed new director, the shareholder making the proposal is urged to submit and/or procure the submission of the required notices and information as early as practicable, preferably not later than fourteen (14) business days before the date of the relevant general meeting.

Shareholders may at any time send enquiries to the board via 3301-3307, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong or investors@crossharbour.com.hk. Our company secretarial or investor relations personnel will, where appropriate, forward your enquiries to the board or its committee. For enquiries concerning your shareholding and related matters, please call or visit Tricor Tengis Limited via the contact details on page 1.

Investor Relations

No significant changes to the Company's constitutional documents were made during the year.

Conclusion

In the opinion of the board, good governance was maintained throughout the accounting period covered by the annual report. The Company shall keep its governance practices under review to ensure that they are in step with the latest developments.

On behalf of the board

Yeung Hin Chung, John
Managing Director

Hong Kong, 23 March 2016

Report of the Directors

The directors submit their report together with the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015.

Principal Activities

The principal activity of the Company is investment holding while the principal activities of its subsidiaries are set out in note 11 to the financial statements on pages 81 and 82.

During the year, more than 90% of the Group's operations in terms of both turnover and operating profit were carried out in Hong Kong. An analysis of the Group's turnover for the year is set out in note 2(a) to the financial statements on page 71.

Business Review

In the opinion of the directors, the Chairman's Statement, Operation Review and Management Discussion and Analysis, set out on pages 2 to 16, provide a comprehensive review of the performance of the Group for the year ended 31 December 2015 as well as its future prospects. The Chairman's Statement also includes details of the principal risks and uncertainties facing each business segment of the Group, whereas the key financial and non-financial performance indicators are outlined in the Operation Review and Management Discussion and Analysis.

On the corporate level, the Group has complied with the requirements under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"). The Company has also adopted a code of conduct regarding directors' securities transactions (the "Code for Securities Transactions by Directors") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers.

In relation to human resources, the Group and its associates have complied with the Employment Ordinance, the Minimum Wage Ordinance, the Mandatory Provident Fund Schemes Ordinance, as well as the requirements of the Personal Data (Privacy) Ordinance and anti-discrimination ordinances relating to disability, sex, family status and race discrimination.

Report of the Directors

Results and Appropriations

The results of the Group and appropriations of profit for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss on page 46 and note 20(b) to the financial statements on page 94 respectively.

The first, second and third quarterly interim dividends each of HK$0.06 per share (2014: HK$0.06 per share) were paid on 10 July 2015, 23 September 2015 and 30 December 2015 respectively. The directors recommend the payment of a final dividend of HK$0.17 per share (2014: HK$0.15 per share) which, together with the interim dividends, make total dividends for the year ended 31 December 2015 of HK$0.35 per share (2014: HK$0.33 per share), representing a total distribution of approximately HK$130.4 million (2014: HK$123.0 million) for the year.

Dividend warrants in respect of the proposed final dividend will be despatched on 6 June 2016 to shareholders registered on 30 May 2016 (subject to shareholder approval). The register of members and transfer books of the Company will be closed from 26 May 2016 to 30 May 2016, both days inclusive, in order to determine entitlement to the proposed final dividend.

Donations

Donations made by the Group during the year amounted to HK$771,250 (2014: HK$915,500).

Property, Plant and Equipment

Movements during the year are set out in note 10 to the financial statements on page 80.

Number of Issued Shares

Movements in the number of issued shares of the Company during the year are set out in note 20(c) to the financial statements on page 95.

Reserves

Movements in reserves during the year are set out in the consolidated statement of changes in equity on page 50.

Five-year Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 109.

Major Suppliers and Customers

During the year, less than 30% of the Group's purchases (not being purchases of items of a capital nature) were attributable to the Group's five largest suppliers, whereas less than 30% of the Group's turnover were attributable to the Group's five largest customers (being the five largest customers of The Hong Kong School of Motoring Limited, a 70%-owned subsidiary). None of the directors, their associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's number of shares in issue) had an interest in those major suppliers and customers.

Directors

The directors serving for the year up to the date of this report are listed on page 1.

Mr. Cheung Chung Kiu, Mr. Wong Chi Keung and Mr. Leung Wai Fai retire from office by rotation at the forthcoming annual general meeting in accordance with article 82 of the articles of association of the Company. All of the above retiring directors, being eligible, offer themselves for re-election.

No director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

Confirmation of Independence

The Company has received from each individual independent non-executive director an annual confirmation of his independence and still considers them to be independent.

Directors' Information / Significant Commitments

Mr. Wong Chi Keung retired as Senior Assistant Commissioner of Hong Kong Auxiliary Medical Service, a significant commitment, with effect from 29 July 2015. He also resigned as the managing director and an executive director of Y. T. Realty Group Limited ("Y. T. Realty"), a public company listed on the Stock Exchange (stock code: 75), with effect from 29 February 2016. The time involved during his tenure with Y. T. Realty was significant. He was appointed a deputy chairman and an executive director of C C Land Holdings Limited, a public company listed on the Stock Exchange (stock code: 1224), on 1 March 2016 with significant time involvement.

His updated information is set out on page 17.

Apart from the foregoing, the Company has not been advised by its directors of any change in the information required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules since its last update to shareholders nor in any of their significant commitments for the purpose of A.6.6 of the Corporate Governance Code set out within Appendix 14 to the Listing Rules.

Directors' Interests in Contracts

No contract of significance to which the Company or any of its subsidiaries was a party in which a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

The register kept under section 352 of the SFO shows the following interest of a director in the shares of the Company as at 31 December 2015:

Name	Capacity	No. of shares	% of shares in issue
Cheung Chung Kiu	Interest of controlled corporation	155,254,432	41.66%

Note: The above interest of Mr. Cheung Chung Kiu ("Mr. C.K. Cheung") represents a long position. Mr. C.K. Cheung was deemed to be interested in the shares by virtue of his indirect interest in Honway Holdings Limited ("Honway") which owned those shares. Honway was a wholly owned subsidiary of Y. T. Investment Holdings Limited ("Y. T. Investment") which in turn was a wholly owned subsidiary of Y. T. Realty. Yugang International (B.V.I.) Limited ("Yugang BVI"), through its wholly owned subsidiary, Funrise Limited ("Funrise"), owned 34.14% of the number of shares of Y. T. Realty in issue. Yugang BVI was a wholly owned subsidiary of Yugang International Limited ("Yugang International"). Mr. C.K. Cheung, Timmex Investment Limited (a company wholly owned by Mr. C.K. Cheung) and Chongqing Industrial Limited ("Chongqing Industrial") owned 0.57%, 9.16% and 34.33% of the number of shares of Yugang International in issue respectively. Chongqing Industrial was owned as to 35% by Mr. C.K. Cheung, as to 30% by Prize Winner Limited (a company owned by Mr. C.K. Cheung and his associates), as to 30% by Peking Palace Limited ("Peking Palace") and as to 5% by Miraculous Services Limited ("Miraculous Services"). Peking Palace and Miraculous Services were companies controlled by Palin Discretionary Trust, the trustee of which was Palin Holdings Limited ("Palin Holdings") and the objects of which included Mr. C.K. Cheung and his family.

Save as disclosed herein, as at 31 December 2015, there was no interest recorded in the register kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Code for Securities Transactions by Directors.

Share Option Scheme

As at 1 January 2015, the Company had no share option scheme except the share option scheme adopted by the Company on 29 April 2005 (the "2005 Share Option Scheme"). The 2005 Share Option Scheme expired on 29 April 2015 and a new share option scheme (the "2015 Share Option Scheme") was adopted by the Company on 21 May 2015. The 2015 Share Option Scheme constitutes a share option scheme governed by Chapter 17 of the Listing Rules and is valid for a period of 10 years commencing from its adoption date.

No option lapsed and no option was granted, exercised or cancelled under the 2005 Share Option Scheme and the 2015 Share Option Scheme during the year. Nor were there any outstanding options with regard to the 2005 Share Option Scheme and the 2015 Share Option Scheme at the beginning and/or at the end of the year.

A summary of each of the 2005 Share Option Scheme and the 2015 Share Option Scheme, as required by Chapter 17 of the Listing Rules, is given below. Other principal terms of the said schemes are given in the circular to shareholders dated 13 April 2005 (the "2005 Scheme Circular") and the circular to shareholders dated 17 April 2015 (the "2015 Scheme Circular") respectively.

The 2005 Share Option Scheme

(1)	Purpose	:	To provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to, the participants and for such other purposes as the board may approve from time to time
(2)	Participants	:	Any director (or any person proposed to be appointed as such, whether executive or non-executive), officer and employee (whether full-time or part-time) of each member of the Eligible Group (as defined in the 2005 Scheme Circular); any business consultant, professional and other advisers (in the areas of legal, technical, financial or corporate managerial) (including any executive, officer and employee of such business consultant, professional and other advisers) to each member of the Eligible Group (or persons proposed to be appointed as such) who has rendered service or will render service to the Group, as absolutely determined by the board
(3)	Total number of shares available for issue (% of number of shares in issue as at 23 March 2016)	:	Not applicable

Share Option Scheme *(continued)*

The 2005 Share Option Scheme *(continued)*

(4)	Maximum entitlement of each participant	:	1% of the total number of shares in issue in any 12-month period
(5)	Period within which the shares must be taken up under an option	:	To be determined by the board at its absolute discretion, such period to expire not later than ten years from the date of grant of the option
(6)	Minimum period for which an option must be held before exercise	:	To be determined by the board at its absolute discretion
(7)	Amount payable on application or acceptance of the option	:	HK$1.00
(8)	Basis of determining the exercise price	:	The exercise price shall be a price solely determined by the board, such price being no less than the highest of: (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the offer date; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and (c) the nominal value of a share
(9)	Remaining life	:	Until 28 April 2015

Share Option Scheme *(continued)*

The 2015 Share Option Scheme

(1) Purpose	:	To provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits, to the participants and to serve such other purposes as the board may approve from time to time
(2) Participants	:	Any director (or any person proposed to be appointed as such, whether executive or non-executive), officer and employee (whether full-time or part-time) of each member of the Eligible Group (as defined in the 2015 Scheme Circular); any business consultant, professional or other advisers (in the areas of legal, technical, financial or corporate managerial) (including any executive, officer and employee of such business consultant, professional and other advisers) to each member of the Eligible Group (or persons proposed to be appointed as such) who has rendered service or will render service to the Group, as absolutely determined by the board
(3) Total number of shares available for issue (% of number of shares in issue as at 23 March 2016)	:	37,268,820 shares (10%)
(4) Maximum entitlement of each participant	:	1% of the total number of shares in issue in any 12-month period
(5) Period within which the shares must be taken up under an option	:	To be determined by the board at its absolute discretion as being the period during which an option may be exercised, such period to expire not later than 10 years from the date of grant of the option
(6) Minimum period for which an option must be held before exercise	:	To be determined by the board from time to time
(7) Amount payable on application or acceptance of the option	:	HK$1.00

Share Option Scheme *(continued)*

The 2015 Share Option Scheme *(continued)*

(8)	Basis of determining the exercise price	:	The exercise price shall be a price solely determined by the board but shall be not less than the higher of: (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option which must be a business day; and (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five consecutive business days immediately preceding the date of grant of the option
(9)	Remaining life	:	Until 20 May 2025

Interests and Short Positions of Shareholders

As at 31 December 2015, so far as is known to the directors of the Company, the following persons, other than the directors, had, or were deemed to have, interests in the shares of the Company as recorded in the register kept under section 336 of the SFO:

Name	Capacity	No. of shares	% of shares in issue
Palin Holdings	Interest of controlled corporation	155,254,432	41.66%
Chongqing Industrial	Interest of controlled corporation	155,254,432	41.66%
Yugang International	Interest of controlled corporation	155,254,432	41.66%
Yugang BVI	Interest of controlled corporation	155,254,432	41.66%
Funrise	Interest of controlled corporation	155,254,432	41.66%
Y. T. Realty	Interest of controlled corporation	155,254,432	41.66%
Y. T. Investment	Interest of controlled corporation	155,254,432	41.66%
Honway	Beneficial owner	155,254,432	41.66%

Note: Each parcel of 155,254,432 shares represents a long position and Honway's interest in the Company (which is also duplicated in Mr. C.K. Cheung's interest in the Company's shares). Palin Holdings, Chongqing Industrial, Yugang International, Yugang BVI, Funrise, Y. T. Realty and Y. T. Investment were deemed to be interested in those shares by virtue of their direct or indirect interest in Honway.

Save as disclosed herein, there was no person known to the directors of the Company, who, as at 31 December 2015, had, or was deemed to have, any interest or short position in the shares and underlying shares of the Company as recorded in the register kept under section 336 of the SFO, other than as disclosed on page 37.

Directors' Rights to Acquire Securities

Apart from the 2005 Share Option Scheme and the 2015 Share Option Scheme, at no time during the year was the Company or any of its subsidiaries a party to any arrangements whose objects are, or one of whose objects is, to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Retirement Schemes

The Group operates a defined contribution retirement scheme, and two Mandatory Provident Fund schemes (the "MPF Schemes"). Particulars of those schemes are set out below.

(I) Pension Scheme

(i) Nature of the scheme

The principal scheme operated by the Group is a defined contribution retirement scheme for the employees of The Hong Kong School of Motoring Limited.

(ii) Funding of the scheme

The benefits of the scheme were funded in 2015 by a 5% contribution by employees and a 5% contribution by The Hong Kong School of Motoring Limited based on the annual salaries of employees. The contributions excluded the costs of administration and term life assurance.

(iii) Costs of the scheme

Total costs of the scheme, amounting to HK$1.7 million, were charged to the Group's statement of profit or loss for the year under review. The required contribution rate was calculated as 5% of the total salaries payable during the year.

(iv) Forfeited contributions of the scheme

There is no forfeited contribution that may be used to reduce the existing level of contributions under the scheme as at 31 December 2015. No forfeited contribution was utilised during the year.

(II) MPF Schemes

As from 1 December 2000, the Group has operated two MPF Schemes under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined contribution retirement scheme. The MPF Schemes are defined contribution retirement schemes administered by independent trustees. Under the MPF Schemes, the employer and its employees are each required to make contributions to the schemes at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. The total amount of contributions to the MPF Schemes charged to the Group's statement of profit or loss for the year was HK$4.1 million.

Report of the Directors

Management Discussion and Analysis

Further information of the Group which is required to be disclosed pursuant to the Listing Rules is set out on pages 15 and 16.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the directors as at the date of this report, the Company maintained throughout the year the prescribed amount of public float under the Listing Rules.

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.

Permitted Indemnity Provision

Permitted indemnity provisions for the benefit of the directors are currently in force and were in force throughout the year.

External Auditor

The financial statements for the year have been audited by KPMG, Certified Public Accountants, who retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as the Company's external auditor will be proposed at the forthcoming annual general meeting.

On behalf of the board

Cheung Chung Kiu
Chairman

Hong Kong, 23 March 2016

KPMG

Independent auditor's report to the members of The Cross-Harbour (Holdings) Limited

(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of The Cross-Harbour (Holdings) Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 46 to 108, which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015 and of the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants

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

23 March 2016

Consolidated Statement of Profit or Loss

for the year ended 31 December 2015

(Expressed in Hong Kong dollars)

	Note	2015 $'000	2014 $'000
Revenue	2	**397,402**	343,912
Other revenue	3	**25**	25
Other net gains/(losses)	3	**50,655**	(35,894)
Direct costs and operating expenses		**(154,250)**	(133,770)
Selling and marketing expenses		**(27,712)**	(20,103)
Administrative and corporate expenses		**(108,922)**	(93,484)
Profit from operations		**157,198**	60,686
Finance costs		**(25)**	(19)
Share of profits less losses of associates	12	**508,401**	457,408
Share of profits of a joint venture	13	**16,335**	14,703
Profit before taxation	4	**681,909**	532,778
Income tax	5(a)	**(18,471)**	(22,078)
Profit for the year		**663,438**	510,700
Attributable to:			
Equity shareholders of the Company		**619,808**	472,214
Non-controlling interests		**43,630**	38,486
Profit for the year		**663,438**	510,700
Earnings per share	9		
Basic and diluted		**$ 1.66**	$ 1.27

The notes on pages 53 to 108 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 20(b).

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2015

(Expressed in Hong Kong dollars)

	Note	2015 $'000	2014 $'000
Profit for the year		663,438	510,700
Other comprehensive income for the year (after tax and reclassification adjustments)	8		
Items that may be reclassified subsequently to profit or loss:			
– Available-for-sale securities: net movement in the investment revaluation reserve	8(a)	**181,317**	22,161
– Share of other comprehensive income of a joint venture:			
– Exchange differences on translation of financial statements of overseas subsidiary and joint venture	8(a)	**(95)**	—
		181,222	22,161
Total comprehensive income for the year		**844,660**	532,861
Attributable to:			
Equity shareholders of the Company		**801,059**	494,375
Non-controlling interests		**43,601**	38,486
Total comprehensive income for the year		**844,660**	532,861

The notes on pages 53 to 108 form part of these financial statements.

Consolidated Statement of Financial Position

at 31 December 2015

(Expressed in Hong Kong dollars)

		2015		2014	
	Note	$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	10		153,517		127,148
Interest in leasehold land held for own use	10		22,974		23,703
			176,491		150,851
Interest in associates	12		1,785,632		1,985,945
Interest in a joint venture	13		77,377		66,137
Available-for-sale securities	14		917,193		533,203
Deferred tax assets	19(b)		2,170		2,490
			2,958,863		2,738,626
Current assets					
Trading securities	15	334,144		116,295	
Inventories		984		1,093	
Trade and other receivables	16	16,618		19,321	
Taxation recoverable	19(a)	2,308		204	
Dividend receivable		73,000		49,000	
Bank deposits and cash	17	2,086,593		1,794,322	
		2,513,647		1,980,235	
Current liabilities					
Trade and other payables	18	70,472		59,408	
Course fees received in advance		215,289		184,570	
Taxation payable	19(a)	3,781		8,392	
Dividends payable		1,071		2,235	
		290,613		254,605	
Net current assets			2,223,034		1,725,630

Consolidated Statement of Financial Position

at 31 December 2015

(Expressed in Hong Kong dollars)

		2015		2014	
	Note	$'000	$'000	$'000	$'000
Total assets less current liabilities			5,181,897		4,464,256
Non-current liabilities					
Loan from an associate	12		252,879		228,981
Deferred tax liabilities	19(b)		4,167		1,602
			257,046		230,583
NET ASSETS			4,924,851		4,233,673
CAPITAL AND RESERVES	20(c)				
Share capital			1,629,461		1,629,461
Reserves			3,174,395		2,496,323
Total equity attributable to equity shareholders of the Company			4,803,856		4,125,784
Non-controlling interests			120,995		107,889
TOTAL EQUITY			4,924,851		4,233,673

Approved and authorised for issue by the board of directors on 23 March 2016

Yeung Hin Chung, John
Director

Yuen Wing Shing
Director

The notes on pages 53 to 108 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2015

(Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company								
	Note	Share capital $'000	Share premium $'000	Capital reserve $'000	Investment revaluation reserve $'000	Exchange reserve $'000	Retained profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2014		372,688	1,256,773	1,984	53,280	254	2,058,236	3,743,215	103,318	3,846,533
Changes in equity for 2014:										
Profit for the year		–	–	–	–	–	472,214	472,214	38,486	510,700
Other comprehensive income	8	–	–	–	22,161	–	–	22,161	–	22,161
Total comprehensive income		–	–	–	22,161	–	472,214	494,375	38,486	532,861
Dividends approved in respect of the previous year	20(b)	–	–	–	–	–	(44,722)	(44,722)	–	(44,722)
Non-controlling interest's share of dividends		–	–	–	–	–	–	–	(33,915)	(33,915)
Transition to no-par value regime on 3 March 2014	20(c)	1,256,773	(1,256,773)	–	–	–	–	–	–	–
Dividends declared in respect of the current year	20(b)	–	–	–	–	–	(67,084)	(67,084)	–	(67,084)
Balance at 31 December 2014		1,629,461	–	1,984	75,441	254	2,418,644	4,125,784	107,889	4,233,673
Balance at 1 January 2015		**1,629,461**	**–**	**1,984**	**75,441**	**254**	**2,418,644**	**4,125,784**	**107,889**	**4,233,673**
Changes in equity for 2015:										
Profit for the year		–	–	–	–	–	619,808	619,808	43,630	663,438
Other comprehensive income	8	–	–	–	181,317	(66)	–	181,251	(29)	181,222
Total comprehensive income		–	–	–	181,317	(66)	619,808	801,059	43,601	844,660
Dividends approved in respect of the previous year	20(b)	–	–	–	–	–	(55,903)	(55,903)	–	(55,903)
Non-controlling interest's share of dividends		–	–	–	–	–	–	–	(30,495)	(30,495)
Dividends declared in respect of the current year	20(b)	–	–	–	–	–	(67,084)	(67,084)	–	(67,084)
Balance at 31 December 2015		**1,629,461**	**–**	**1,984**	**256,758**	**188**	**2,915,465**	**4,803,856**	**120,995**	**4,924,851**

The notes on pages 53 to 108 form part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2015

(Expressed in Hong Kong dollars)

	Note	2015 $'000	2015 $'000	2014 $'000	2014 $'000
Operating activities					
Profit before taxation		681,909		532,778	
Adjustments for:					
Dividend income from listed investments	4	(19,675)		(3,760)	
Depreciation	4	27,345		21,306	
Finance costs		25		19	
Interest income		(18,115)		(32,684)	
Share of profits less losses of associates		(508,401)		(457,408)	
Share of profits of a joint venture		(16,335)		(14,703)	
Net gains on sale of property, plant and equipment	3	(3,605)		(447)	
Net unrealised (gains)/losses on trading securities	3	(57,558)		807	
Net gain from disposal of trading securities	2	—		(6,501)	
Net (gain)/loss from disposal of available-for-sale securities	2	(16,212)		45	
Reclassification from equity on impairment of available-for-sale securities	3	10,508		35,534	
Operating profit before changes in working capital		79,886		74,986	
Decrease/(increase) in inventories		109		(67)	
Decrease in trade and other receivables		130		2,619	
Increase in trade and other payables		11,064		6,034	
Increase in course fees received in advance		30,719		28,556	
Cash generated from operations		121,908		112,128	
Tax paid					
– Hong Kong Profits Tax paid		(22,301)		(23,767)	
Net cash generated from operating activities			99,607		88,361

Consolidated Cash Flow Statement

for the year ended 31 December 2015

(Expressed in Hong Kong dollars)

	Note	2015		2014	
		$'000	$'000	$'000	$'000
Investing activities					
Increase in deposits with banks with maturity over three months		(79,663)		(21,682)	
Payments for purchase of property, plant and equipment		(53,009)		(21,289)	
Proceeds from sale of property, plant and equipment		3,629		745	
Payments for purchase of available-for-sale securities		(307,894)		(144,773)	
Proceeds from sale of available-for-sale securities		110,925		58,019	
Payments for purchase of trading securities		(160,291)		(5,661)	
Proceeds from sale of trading securities		—		75,158	
Additional loans from an associate		23,898		23,463	
Dividends received from listed investments		19,675		3,760	
Dividends received from associates		684,739		649,893	
Dividends received from a joint venture		5,000		5,000	
Interest received		20,663		32,659	
Net cash generated from investing activities			267,672		655,292
Financing activities					
Other finance charges		(25)		(19)	
Dividends paid		(124,151)		(111,811)	
Dividends paid to non-controlling interests		(30,495)		(33,915)	
Net cash used in financing activities			(154,671)		(145,745)
Net increase in cash and cash equivalents			212,608		597,908
Cash and cash equivalents at 1 January			1,660,945		1,063,037
Cash and cash equivalents at 31 December	17		1,873,553		1,660,945

The notes on pages 53 to 108 form part of these financial statements.

1 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), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These 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. A summary of the significant accounting policies adopted by the Company and its subsidiaries (together referred to as the "Group") is set out 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 1(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

The consolidated financial statements for the year ended 31 December 2015 comprise the Group and its interest in associates and a joint venture.

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:

— financial instruments classified as available-for-sale or as trading securities (see note 1(g)).

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.

1 Significant accounting policies *(continued)*

(c) Changes in accounting policies

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

— Amendments to HKAS 19, *Employee benefits: Defined benefit plans: Employee contributions*

— *Annual Improvements to HKFRSs 2010-2012 Cycle*

— *Annual Improvements to HKFRSs 2011-2013 Cycle*

However, none of these developments are relevant to the Group's financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 27).

(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.

1 Significant accounting policies *(continued)*

(d) Subsidiaries and non-controlling interests *(continued)*

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 profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and 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 note 1(m).

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 1(g)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see note 1(e)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(j)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(e) 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.

1 Significant accounting policies *(continued)*

(e) Associates and joint ventures *(continued)*

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). 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 1(f) and (j)). 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 profit or loss, 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 profit or loss 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.

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 1(g)).

1 Significant accounting policies *(continued)*

(e) Associates and joint ventures *(continued)*

In the Company's statement of financial position, investments in associates and joint venture are stated at cost less impairment losses (see note 1(j)), unless classified as held for sale (or included in a disposal group that is classified as held for sale).

The significant accounting policies adopted by the associates and the joint venture are consistent with those of the Group.

In accordance with HK(IFRIC)-12, *Service concession arrangements*, the franchises of the associates, Western Harbour Tunnel Company Limited and Tate's Cairn Tunnel Company Limited, with the government constitute service concession arrangements and the infrastructure costs are classified as intangible assets and stated at cost less accumulated amortisation and impairment losses in the financial statements of the associates.

(f) Goodwill

Goodwill in relation to the Group's interest in associates represents the excess of

(i) the aggregate of the fair value of the consideration transferred 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.

The carrying amount of goodwill is included in the carrying amount of the interest in associates and the investment as a whole is tested for impairment whenever there is objective evidence of impairment (see note 1(j)).

On disposal of an associate, any attributable amount of goodwill is included in the calculation of the profit or loss on disposal.

1 Significant accounting policies *(continued)*

(g) Other investments in debt and equity securities

The Group's and the Company's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are as follows:

Investments in debt and equity securities are initially stated at fair value, which is their transaction price unless it is determined that fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in notes 1(r) (iii), (iv) and (v).

Dated debt securities that the Group and/or the Company has the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated at amortised cost less impairment losses (see note 1(j)).

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the investment revaluation reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 1(j)). Dividend income from equity securities and interest income from debt securities calculated using the effective interest method are recognised in profit or loss in accordance with the policies set out in notes 1(r) (iii), (iv) and (v) respectively. Foreign exchange gains and losses resulting from changes in the amortised cost of debt securities are also recognised in profit or loss.

When the investments are derecognised or impaired (see note 1(j)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

1 Significant accounting policies *(continued)*

(h) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(j)):

— Land classified as being held under finance leases and buildings thereon (see note 1(i));

— Buildings held for own use which are situated on leasehold land classified as held under operating leases (see note 1(i)); and

— other items of plant and equipment.

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 1(t)).

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.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

— Leasehold land classified as held under finance leases is depreciated over the unexpired term of lease.

— Buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of completion.

—	Furniture, fixtures and equipment	3 - 10 years
—	Motor vehicles	3 - 5 years
—	Yacht	5 - 8 years
—	Leasehold improvements	Remaining term of the lease

Where parts of an item of property, plant and equipment have different useful lives, the cost 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.

1 Significant accounting policies *(continued)*

(i) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

— land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) Assets acquired under finance leases

Where the Group acquires 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 are recognised as property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 1(h). Impairment losses are accounted for in accordance with the accounting policy as set out in note 1(j). Finance charges implicit in the lease payments are 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 are charged to profit or loss in the accounting period in which they are incurred.

1 Significant accounting policies *(continued)*

(i) Leased assets *(continued)*

(iii) Operating lease charges

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

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term.

(j) Impairment of assets

(i) Impairment of investments in debt and equity securities and other receivables

Investments in debt and equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

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

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

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

— a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

1 Significant accounting policies *(continued)*

(j) Impairment of assets *(continued)*

(i) Impairment of investments in debt and equity securities and other receivables (continued)

If any such evidence exists, any impairment loss is determined and recognised as follows:

— For investments in associates and joint ventures accounted for under the equity method in the consolidated financial statements (see note 1(e)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 1(j) (ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 1(j) (ii).

— For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

— For trade and other receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

1 Significant accounting policies *(continued)*

(j) Impairment of assets *(continued)*

(i) Impairment of investments in debt and equity securities and other receivables (continued)

— For available-for-sale securities, the cumulative loss that has been recognised in the investment revaluation reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other 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 an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment; and

— investments in subsidiaries in the Company's statement of financial position.

1 Significant accounting policies *(continued)*

(j) Impairment of assets *(continued)*

(ii) Impairment of other assets (continued)

If any such indication exists, the asset's recoverable amount is estimated.

— 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 to reduce the carrying amount of the 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 measureable) or value in use (if determinable).

— Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

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.

1 Significant accounting policies *(continued)*

(j) Impairment of assets *(continued)*

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 1(j) (i) and (ii)).

Impairment losses recognised in an interim period in respect of available-for-sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates. Consequently, if the fair value of an available-for-sale equity security increases in the remainder of the annual period, or in any other period subsequently, the increase is recognised in other comprehensive income and not profit or loss.

(k) Inventories

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

Cost is calculated using the weighted average cost formula 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 write-down 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 write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1 Significant accounting policies *(continued)*

(l) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 1(j)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(m) Trade and other payables

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

(n) 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.

(o) Employee benefits

(i) 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.

(ii) The Group operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined contribution retirement scheme. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of $30,000. Contributions to the scheme vest immediately.

1 Significant accounting policies *(continued)*

(p) 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.

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.

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.

1 Significant accounting policies *(continued)*

(p) Income tax *(continued)*

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.

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.

(q) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company 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.

1 Significant accounting policies *(continued)*

(r) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) The principal source of income from motoring school operations is driving course fee income which is recognised in profit or loss upon the completion of the relevant training lessons.

(ii) 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.

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

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

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

(vi) Gain or loss on disposal of trading securities and available-for-sale securities, on the trade date.

(s) 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.

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. Non-monetary 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.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Hong Kong dollars 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.

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.

1 Significant accounting policies *(continued)*

(t) 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.

(u) Related parties

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

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

(2) has significant influence over the Group; or

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

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

(1) 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).

(2) 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).

(3) Both entities are joint ventures of the same third party.

(4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(6) The entity is controlled or jointly controlled by a person identified in (i).

(7) A person identified in (i) (1) 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).

(8) 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.

1 Significant accounting policies *(continued)*

(v) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 Revenue and segment reporting

(a) Revenue

The principal activities of the Group are motoring school operations and securities investment. Given below is an analysis of the revenue of the Group:

	2015	2014
	$'000	$'000
Principal activities		
Motoring school operations	324,968	282,616
Net gain from disposal of trading securities	—	6,501
Net gain/(loss) from disposal of available-for-sale securities	16,212	(45)
Investment and other activities	56,222	54,840
	397,402	343,912

2 Revenue and segment reporting *(continued)*

(b) 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.

(i) 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 attributable to the sales activities and the accruals of the individual segments and 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.

2 Revenue and segment reporting *(continued)*

(b) Segment reporting *(continued)*

(i) Segment results, assets and liabilities (continued)

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 2015 and 2014 is set out below.

	Motoring school operations		Tunnel operations		Electronic toll operations		Treasury		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue from external customers	324,968	282,616	2,500	2,500	13,800	13,800	19,832	3,881	361,100	302,797
Net gain from disposal of trading securities	–	–	–	–	–	–	–	6,501	–	6,501
Net gain/(loss) from disposal of available-for-sale securities	–	–	–	–	–	–	16,212	(45)	16,212	(45)
Interest revenue	3,752	4,936	–	–	1	1	14,337	27,722	18,090	32,659
Reportable segment revenue	328,720	287,552	2,500	2,500	13,801	13,801	50,381	38,059	395,402	341,912
Reportable segment profit/(loss) before tax	135,185	123,277	510,901	459,908	29,919	28,288	90,764	(3,040)	766,769	608,433
Interest income from bank deposits	3,752	4,936	–	–	1	1	12,209	12,708	15,962	17,645
Finance costs	–	–	–	–	–	–	(25)	(19)	(25)	(19)
Depreciation	(9,399)	(4,358)	–	–	–	–	–	–	(9,399)	(4,358)
Share of profits less losses of associates	–	–	508,401	457,408	–	–	–	–	508,401	457,408
Share of profits of a joint venture	–	–	–	–	16,335	14,703	–	–	16,335	14,703
Income tax	(16,448)	(20,045)	–	–	(2,023)	(2,033)	–	–	(18,471)	(22,078)
Reportable segment assets	568,924	501,250	1,785,632	1,985,945	92,734	81,484	2,941,303	2,048,103	5,388,593	4,616,782
Interest in a joint venture	–	–	–	–	77,377	66,137	–	–	77,377	66,137
Interest in associates	–	–	1,785,632	1,985,945	–	–	–	–	1,785,632	1,985,945
Additions to non-current segment assets	52,964	14,803	–	–	–	–	–	–	52,964	14,803
Reportable segment liabilities	257,134	221,897	252,879	228,981	1,199	1,199	1,071	2,235	512,283	454,312

2 Revenue and segment reporting *(continued)*

(b) Segment reporting *(continued)*

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

	2015	2014
	$'000	$'000
Revenue		
Reportable segment revenue	395,402	341,912
Unallocated head office and corporate revenue	2,000	2,000
Consolidated revenue	397,402	343,912
Profit		
Reportable segment profit derived from the Group's external customers	766,769	608,433
Other revenue	25	25
Unallocated head office and corporate income and expenses	(84,885)	(75,680)
Consolidated profit before taxation	681,909	532,778
Assets		
Reportable segment assets	5,388,593	4,616,782
Unallocated head office and corporate assets	83,917	102,079
Consolidated total assets	5,472,510	4,718,861
Liabilities		
Reportable segment liabilities	512,283	454,312
Unallocated head office and corporate liabilities	35,376	30,876
Consolidated total liabilities	547,659	485,188

(iii) Geographical 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.

3 Other revenue and other net gains/(losses)

	2015	2014
	$'000	$'000
Other revenue		
Interest income from loan to an associate	25	25
Other net gains/(losses)		
Net unrealised gains/(losses) on trading securities	57,558	(807)
Available-for-sale securities reclassified from equity on impairment	(10,508)	(35,534)
Net gains on sale of property, plant and equipment	3,605	447
	50,655	(35,894)

4 Profit before taxation

	2015	2014
	$'000	$'000
Profit before taxation is arrived at after charging:		
Depreciation	27,345	21,306
Auditor's remuneration		
– statutory audit services	2,187	2,130
– other services	397	385
Operating lease charges - land and buildings	14,571	13,892
Contributions to defined contribution retirement scheme	5,767	5,084
Salaries, wages and other benefits (excluding directors' emoluments)	152,053	128,800
Cost of inventories consumed	8,488	7,852
Net foreign exchange losses	6,283	4,264
and after crediting:		
Dividend income from listed investments	19,675	3,760
Interest income from listed investments	2,128	15,014
Interest income from loan to an associate	25	25
Other interest income	15,962	17,645

5 Income tax in the consolidated statement of profit or loss

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

	2015	2014
	$'000	$'000
Current tax - Hong Kong Profits Tax		
Provision for the year	21,770	20,723
Over-provision in respect of prior years	(6,184)	(175)
	15,586	20,548
Deferred tax		
Origination and reversal of temporary differences	2,885	1,530
	18,471	22,078

The provision for Hong Kong Profits Tax for 2015 is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for the year.

(b) Reconciliation between tax expense and accounting profit at the applicable tax rate:

	2015	2014
	$'000	$'000
Profit before taxation	681,909	532,778
Notional tax on profit before tax calculated at 16.5% (2014: 16.5%)	112,515	87,908
Tax effect of non-deductible expenses	15,184	17,588
Tax effect of non-taxable income	(105,124)	(85,541)
Tax effect of unused tax losses not recognised	2,080	2,298
Over-provision in prior years	(6,184)	(175)
Actual tax expense	18,471	22,078

6 Directors' emoluments

Directors' emoluments 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 are as follows:

	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonuses $'000	Retirement scheme contributions $'000	Total $'000
2015					
Executive directors					
Cheung Chung Kiu	—	—	11,000	2	11,002
Yeung Hin Chung, John	—	4,655	5,000	18	9,673
Yuen Wing Shing	—	—	2,400	2	2,402
Wong Chi Keung	—	—	2,500	2	2,502
Leung Wai Fai	—	—	2,500	2	2,502
Tung Wai Lan, Iris	—	—	2,000	2	2,002
Independent non-executive directors					
Luk Yu King, James	430	—	—	—	430
Ng Kwok Fu	320	—	—	—	320
Leung Yu Ming, Steven	320	—	—	—	320
	1,070	4,655	25,400	28	31,153

6 Directors' emoluments *(continued)*

	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonuses $'000	Retirement scheme contributions $'000	Total $'000
2014					
Executive directors					
Cheung Chung Kiu	—	—	9,000	2	9,002
Yeung Hin Chung, John	—	4,340	4,500	17	8,857
Yuen Wing Shing	—	—	2,200	2	2,202
Wong Chi Keung	—	—	1,500	2	1,502
Leung Wai Fai	—	—	2,200	2	2,202
Tung Wai Lan, Iris	—	—	2,000	2	2,002
Independent non-executive directors					
Luk Yu King, James	400	—	—	—	400
Ng Kwok Fu	300	—	—	—	300
Leung Yu Ming, Steven	300	—	—	—	300
	1,000	4,340	21,400	27	26,767

7 Individuals with highest emoluments

Of the five individuals with the highest emoluments, all of them (2014: four) are directors whose emoluments are disclosed in note 6. The emolument in respect of another individual for the year ended 31 December 2014 is within the band of $2,000,001 - $2,500,000, and is as follows:

	2015 **$'000**	2014 $'000
Salaries and other emoluments	—	1,835
Discretionary bonuses and/or performance-related bonuses	—	500
Retirement scheme contributions	—	50
	—	2,385

8 Other comprehensive income

(a) Tax effects relating to each component of other comprehensive income

	2015			2014		
	Before-tax amount $'000	Tax expense $'000	Net-of-tax amount $'000	Before-tax amount $'000	Tax expense $'000	Net-of-tax amount $'000
Available-for-sale securities:						
Net movement in the investment revaluation reserve	181,317	—	181,317	22,161	—	22,161
Share of other comprehensive income of a joint venture:						
Exchange differences on translation of financial statements of overseas subsidiary and joint venture	(95)	—	(95)	—	—	—
Other comprehensive income	181,222	—	181,222	22,161	—	22,161

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

	2015 $'000	2014 $'000
Available-for-sale securities:		
Changes in fair value recognised during the year	187,021	(13,418)
Reclassification adjustments for amounts transferred to profit or loss:		
– (gains)/losses on disposal (note 2)	(16,212)	45
– impairment losses (note 3)	10,508	35,534
Net movement in the investment revaluation reserve during the year recognised in other comprehensive income	181,317	22,161

9 Earnings per share

The calculation of basic and diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of $619,808,000 (2014: $472,214,000) and the weighted average of 372,688,000 (2014: 372,688,000) ordinary shares in issue during the year.

10 Property, plant and equipment

	Buildings held for own use $'000	Furniture, fixtures and equipment $'000	Motor vehicles $'000	Yacht $'000	Leasehold improvements $'000	Sub-total $'000	Interest in leasehold land held for own use $'000	Total $'000
Cost:								
At 1 January 2014	123,680	26,550	97,115	121,811	1,186	370,342	38,286	408,628
Additions	314	1,477	19,498	—	—	21,289	—	21,289
Disposals	—	(580)	(1,678)	—	—	(2,258)	—	(2,258)
At 31 December 2014	123,994	27,447	114,935	121,811	1,186	389,373	38,286	427,659
At 1 January 2015	123,994	27,447	114,935	121,811	1,186	389,373	38,286	427,659
Additions	24,687	3,702	24,587	33	—	53,009	—	53,009
Disposals	—	(262)	(12,553)	—	—	(12,815)	—	(12,815)
At 31 December 2015	148,681	30,887	126,969	121,844	1,186	429,567	38,286	467,853
Accumulated depreciation:								
At 1 January 2014	100,748	25,302	92,020	24,352	1,186	243,608	13,854	257,462
Charge for the year	1,140	887	3,110	15,440	—	20,577	729	21,306
Written back on disposals	—	(571)	(1,389)	—	—	(1,960)	—	(1,960)
At 31 December 2014	101,888	25,618	93,741	39,792	1,186	262,225	14,583	276,808
At 1 January 2015	101,888	25,618	93,741	39,792	1,186	262,225	14,583	276,808
Charge for the year	1,838	1,402	7,933	15,443	—	26,616	729	27,345
Written back on disposals	—	(258)	(12,533)	—	—	(12,791)	—	(12,791)
At 31 December 2015	103,726	26,762	89,141	55,235	1,186	276,050	15,312	291,362
Net book value:								
At 31 December 2015	44,955	4,125	37,828	66,609	—	153,517	22,974	176,491
At 31 December 2014	22,106	1,829	21,194	82,019	—	127,148	23,703	150,851

The leasehold land of the Group at 31 December 2015 and 2014 is held in Hong Kong under a medium-term lease.

(Expressed in Hong Kong dollars)

11 Interest 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.

Name of company	Place of incorporation and business	Particulars of issued and fully paid up share capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Alpha Hero Limited	British Virgin Islands/ International	50,000 shares of US$1 each	70%	—	70%	Investment holding
Clear Path Limited	British Virgin Islands/ International	500 shares of US$1 each	100%	—	100%	Securities investment
Gold Harbour Investment Limited	Hong Kong	1 share	100%	—	100%	Investment holding
Gold Faith Investments Limited	British Virgin Islands/ International	1 share of US$1	100%	—	100%	Securities investment
High Fortune Group Limited	British Virgin Islands/ International	1 share of US$1	100%	100%	—	Investment holding
HKSM Yuen Long Driving School Limited	Hong Kong	2 shares	70%	—	70%	Designated driving school
Join Harbour Limited	British Virgin Islands/ International	1 share of US$1	100%	—	100%	Property holding
MEG (HK) Limited	Hong Kong	1 share	70%	—	70%	Property holding
Motoring Excellence Group Limited	Hong Kong	1 share	70%	—	70%	Investment holding
New Horizon School of Motoring Limited	Hong Kong	1 share	70%	—	70%	Designated driving school
Newcheer Limited	British Virgin Islands/ International	1 share of US$1	100%	—	100%	Securities investment
Power Right Investments Limited	British Virgin Islands/ International	1 share of US$1	100%	—	100%	Investment holding
Smart Chance Global Limited	British Virgin Islands/ International	1 share of US$1	100%	—	100%	Holding of a yacht
Super Legend Investments Limited	British Virgin Islands/ International	1 share of US$1	100%	—	100%	Investment

11 Interest in subsidiaries *(continued)*

Name of company	Place of incorporation and business	Particulars of issued and fully paid up share capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
The Autopass Company Limited	Hong Kong	70,000 "A" shares 30,000 "B" shares	100% —	100% —	— —	Investment holding and provision of consultancy services
The Hong Kong School of Motoring Limited	Hong Kong	2,000,000 shares	70%	—	70%	Designated driving school

The following table lists out the information relating to Alpha Hero Limited and its subsidiaries ("AHL group"), the only group of subsidiaries of the Group which have material non-controlling interest (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination.

	AHL group 2015 $'000	2014 $'000
Gross amounts of AHL group's		
Current assets	**472,536**	448,084
Non-current assets	**96,387**	53,166
Current liabilities	**(252,967)**	(220,295)
Non-current liabilities	**(4,167)**	(1,602)
Net assets	**311,789**	279,353
NCI percentage	**30%**	30%
Carrying amount of NCI	**93,537**	83,806
Revenue	**328,720**	287,552
Profit for the year	**118,737**	103,232
Total comprehensive income	**118,737**	103,232
NCI percentage	**30%**	30%
Profit allocated to NCI	**35,621**	30,970
Dividend paid to NCI	**25,890**	29,310
Cash flows from operating activities	**154,213**	134,782
Cash flows from investing activities	**(124,794)**	(30,858)
Cash flows from financing activities	**(86,300)**	(97,700)

(Expressed in Hong Kong dollars)

12 Interest in associates

(a) The following list contains only the particulars of material associates, all of which are unlisted corporate entities whose quoted market price is not available:

			Proportion of ownership interest				
Name of associate	Form of business structure	Place of incorporation and business	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity	Financial year end
Western Harbour Tunnel Company Limited ("WHTCL")	Incorporated	Hong Kong	50%	—	50%	Operation of the Western Harbour Crossing	31 July
Tate's Cairn Tunnel Company Limited ("TCTCL")	Incorporated	Hong Kong	39.5%	—	39.5%	Operation of the Tate's Cairn Tunnel	30 June

(b) All of the above associates are accounted for using the equity method in the consolidated financial statements based on the financial statements of WHTCL and TCTCL for the year ended 31 December 2015 respectively.

(c) WHTCL was granted a thirty-year franchise to construct and operate the Western Harbour Crossing in accordance with the Western Harbour Crossing Ordinance enacted on 22 July 1993.

(d) TCTCL was granted a thirty-year franchise to construct and operate the Tate's Cairn Tunnel in accordance with the Tate's Cairn Tunnel Ordinance enacted on 1 July 1988.

(e) The loan from an associate is unsecured and interest free. The loan is classified as non-current as it is not repayable within the next twelve months.

12 Interest in associates *(continued)*

(f) Summarised financial information of the material associate, WHTCL, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, is disclosed below:

	Note	2015 $'000	2014 $'000
Gross amounts of the associate's			
Revenue			
Toll revenue		**1,533,426**	1,380,279
Other revenue	(i)	**41,032**	53,361
		1,574,458	1,433,640
Other income		**1,020**	2,245
Expenditure			
Operating and administrative expenses		**(91,808)**	(96,659)
Rates and government rent		**(56,904)**	(54,769)
Amortisation and depreciation	(ii)	**(338,770)**	(307,667)
Operating profit before finance charges		**1,087,996**	976,790
Interest on shareholders' loans		**(50)**	(49)
Profit before taxation		**1,087,946**	976,741
Income tax	(iii)	**(181,612)**	(162,865)
Profit for the year		**906,334**	813,876
Other comprehensive income		**—**	—
Total comprehensive income		**906,334**	813,876
Group's effective interest		**50%**	50%
Group's share of total comprehensive income		**453,167**	406,938
Fair value adjustments			
Profit for the year		**(9,359)**	(9,359)
Other comprehensive income		**—**	—
		443,808	397,579
Dividend received from the associate		**607,500**	602,000

12 Interest in associates *(continued)*

(f) Summarised financial information of the material associate, WHTCL, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, is disclosed below: *(continued)*

	Note	2015 $'000	2014 $'000
Gross amounts of the associate's			
Current assets		356,324	290,599
Non-current assets		3,091,091	3,424,895
Current liabilities	(iv)	(291,816)	(246,628)
Non-current liabilities			
Deferred revenue		(22,966)	—
Deferred tax liabilities		(458,403)	(486,020)
Shareholders' loans		(5,042)	(4,992)
Equity		2,669,188	2,977,854
Reconciled to the Group's interest in associates			
Gross amounts of net assets of the associate		2,669,188	2,977,854
Group's effective interest		50%	50%
Group's share of net assets of the associate		1,334,594	1,488,927
Fair value adjustments		70,807	80,166
Amount due from the associate	(v)	417	417
Loan to and interest receivable from the associate	(vi)	2,521	2,496
Carrying amount in the consolidated financial statements		1,408,339	1,572,006

Notes:

(i) Other revenue includes income from telecommunications network providers and outdoor advertising site rental. For the year ended 31 December 2014, non-recurring income amounted to $10.5 million.

(ii) Amortisation of the cost of tunnel is calculated to write off the cost over the franchise period on a units-of-usage basis whereby amortisation is provided based on the share of traffic volume for a particular period over the projected total traffic volume for the remainder of the franchise period of the tunnel.

(iii) Taxation includes the current and deferred income tax for the year. The provision for Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for 2015.

(iv) Current liabilities include current tax liabilities of $98.0 million (2014: $97.2 million).

(v) The amount due from the associate is unsecured, interest free and repayable on demand. The amount is classified as non-current as the directors do not intend to demand repayment within the next twelve months.

(vi) The loan to the associate is unsecured and bears interest at a rate of 1% per annum as determined by the shareholders of that associate. Interest earned by the Group from the associate for the year ended 31 December 2015 amounted to $0.02 million (2014: $0.02 million). The loan is repayable on demand as may from time to time be agreed among the associates shareholders. The loan is classified as non-current as the directors do not intend to demand repayment within the next twelve months.

12 Interest in associates *(continued)*

(g) Summarised financial information of the material associate, TCTCL, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, is disclosed below:

	2015	2014
	$'000	$'000
Gross amounts of the associate's		
Revenue	486,131	467,145
Profit and total comprehensive income	259,471	246,965
Group's effective interest	39.5%	39.5%
Group's share of total comprehensive income	102,491	97,551
Fair value adjustments	(29,889)	(29,889)
	72,602	67,662
Dividend received from the associate	101,239	96,893
Gross amounts of the associate's		
Current assets	31,657	33,751
Non-current assets	796,441	798,847
Current liabilities	(88,765)	(86,150)
Non-current liabilities	(25,404)	(35,689)
Equity	713,929	710,759
Reconciled to the Group's interest in associates		
Gross amount of net assets of the associate	713,929	710,759
Group's effective interest	39.5%	39.5%
Group's share of net assets of the associate	282,002	280,750
Fair value adjustments	74,642	104,531
Goodwill	20,400	28,400
Carrying amount in the consolidated financial statements	377,044	413,681

12 Interest in associates *(continued)*

(h) Information of associate that is not individually material:

	2015	2014
	$'000	$'000
Carrying amount of individually immaterial associate in the consolidated financial statements	249	258
Amount of the Group's share of the associate's		
– (Loss)/profit from continuing operations	(9)	167
– Post-tax profit or loss from discontinued operations	—	—
– Other comprehensive income	—	—
– Total comprehensive income	(9)	167

13 Interest in a joint venture

(a) Details of the Group's interest in the joint venture, which is accounted for using the equity method in the consolidated financial statements, are as follows:

				Proportion of ownership interest				
Name of joint venture	Form of business structure	Place of incorporation and business	Particulars of issued and paid up capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity	Financial year end
Autotoll Limited	Incorporated	Hong Kong	16,000,000 ordinary shares	50%	—	50%	Operation of an electronic toll collection system	30 September

Autotoll Limited, the only joint venture in which the Group participates, is an unlisted corporate entity whose quoted market price is not available.

(b) The Autopass Company Limited and Electronic Toll Systems Limited formed the above equal equity joint venture to operate an electronic toll collection system in Hong Kong on 1 October 1998.

(c) The loan to a joint venture is unsecured, interest free and has no fixed repayment terms. The loan is non-current as it is not expected to be recoverable within the next twelve months.

13 Interest in a joint venture *(continued)*

(d) Summarised financial information of the Group's interest in Autotoll Limited:

	2015	2014
	$'000	$'000
Share of net assets	67,247	56,007
Loan to a joint venture	10,130	10,130
Carrying amount in the consolidated financial statements	77,377	66,137
Amounts of the Group's share of the joint venture's		
– Profit from continuing operations	16,335	14,703
– Post-tax profit or loss from discontinued operations	—	—
– Other comprehensive income	(95)	—
– Total comprehensive income	16,240	14,703

14 Available-for-sale securities

	2015	2014
	$'000	$'000
Listed securities		
– in Hong Kong	673,670	284,825
– outside Hong Kong	—	111,895
	673,670	396,720
Unlisted securities	243,523	136,483
	917,193	533,203
Market value of listed securities	673,670	396,720
Fair value of individually impaired available-for-sale securities	24,782	173,176

Certain of the Group's available-for-sale securities were individually determined to be impaired on the basis of a material decline in their fair value below cost which indicated that the cost of the Group's investment in them may not be recovered. Impairment losses on these investments were recognised in profit or loss in accordance with the policy set out in note 1(j) (i) (see note 3).

15 Trading securities

	2015	2014
	$'000	$'000
Listed securities (at market value)		
– in Hong Kong	221,450	21,896
Unlisted securities	112,694	94,399
	334,144	116,295

At 31 December 2015, trading securities of $2,946,000 (2014: $3,471,000) were pledged to a financial institution as security against treasury facilities granted to the Group.

16 Trade and other receivables

	2015	2014
	$'000	$'000
Trade receivables	5,118	5,069
Other receivables	958	3,064
	6,076	8,133
Deposits and prepayments	10,542	11,188
	16,618	19,321

The amount of the Group's deposits and prepayments expected to be recovered or recognised as expense after more than one year is $1,904,000 (2014: $2,215,000). 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:

	2015	2014
	$'000	$'000
Within 1 month	3,065	3,929
1 to 2 months	951	736
2 to 3 months	134	40
Over 3 months	968	364
	5,118	5,069

16 Trade and other receivables *(continued)*

(b) Trade receivables that are not impaired

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	2015 $'000	2014 $'000
Neither past due nor impaired	2,700	2,991
Less than 1 month past due	1,355	938
1 to 3 months past due	508	904
More than 3 months but less than 12 months past due	555	236
Amounts past due	2,418	2,078
	5,118	5,069

The Group's credit policy is set out in note 21(a).

None of the above trade receivables are either individually or collectively considered to be impaired.

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

17 Bank deposits and cash

	2015 $'000	2014 $'000
Deposits with banks and other financial institutions	1,895,616	1,706,237
Cash at bank and in hand	190,977	88,085
Bank deposits and cash in the statement of financial position	2,086,593	1,794,322
Less: Deposits with maturity over three months	(213,040)	(133,377)
Cash and cash equivalents in the consolidated cash flow statement	1,873,553	1,660,945

At 31 December 2015, a bank account in a financial institution with the amount of $8,972,000 (2014: $18,927,000) were served as a security against treasury facilities granted to the Group. During the year, the Group did not utilise any of such facilities.

18 Trade and other payables

	2015	2014
	$'000	$'000
Trade payables	3,522	2,829
Other payables and accruals	66,950	56,579
	70,472	59,408

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:

	2015	2014
	$'000	$'000
Within 1 month	592	555
1 month to 3 months	818	446
Over 3 months but within 6 months	2,112	1,828
	3,522	2,829

19 Income tax in the statement of financial position

(a) Current taxation in the statement of financial position represents:

	2015	2014
	$'000	$'000
Provision for Hong Kong Profits Tax for the year	21,770	20,723
Provisional Profits Tax paid	(20,297)	(19,296)
	1,473	1,427
Balance of Profits Tax provision relating to prior years	—	6,761
	1,473	8,188
Taxation recoverable recognised in the statement of financial position	(2,308)	(204)
Taxation payable recognised in the statement of financial position	3,781	8,392
	1,473	8,188

19 Income tax in the statement of financial position *(continued)*

(b) Deferred tax assets and liabilities recognised:

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	$'000
Deferred tax arising from depreciation in excess of related depreciation allowances	
At 1 January 2014	(2,418)
Charged to profit or loss	1,530
At 31 December 2014	(888)
At 1 January 2015	(888)
Charged to profit or loss	2,885
At 31 December 2015	**1,997**

	2015 **$'000**	2014 $'000
Net deferred tax assets recognised in the consolidated statement of financial position	**(2,170)**	(2,490)
Net deferred tax liabilities recognised in the consolidated statement of financial position	**4,167**	1,602
	1,997	(888)

(c) Deferred tax assets not recognised:

In accordance with the accounting policy set out in note 1(p), the Group has not recognised deferred tax assets in respect of cumulative tax losses of $326,606,000 (2014: $313,723,000) as it is not probable that future taxable profits against which the unused tax losses can be utilised will be available. The tax losses do not expire under current tax legislation.

20 Capital, reserves and dividends

(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 $'000	Share premium $'000	Retained profits $'000	Total $'000
Balance at 1 January 2014	372,688	1,256,773	927,362	2,556,823
Changes in equity for 2014:				
Dividends approved in respect of the previous year (note 20(b))	—	—	(44,722)	(44,722)
Profit and total comprehensive income for the year	—	—	438,947	438,947
Transfer to no-par value regime on 3 March 2014 (note 20(c))	1,256,773	(1,256,773)	—	—
Dividends declared in respect of the current year (note 20(b))	—	—	(67,084)	(67,084)
Balance at 31 December 2014	1,629,461	—	1,254,503	2,883,964
Balance at 1 January 2015	**1,629,461**	**—**	**1,254,503**	**2,883,964**
Changes in equity for 2015:				
Dividends approved in respect of the previous year (note 20(b))	—	—	**(55,903)**	**(55,903)**
Profit and total comprehensive income for the year	—	—	**621,831**	**621,831**
Dividends declared in respect of the current year (note 20(b))	—	—	**(67,084)**	**(67,084)**
Balance at 31 December 2015	**1,629,461**	**—**	**1,753,347**	**3,382,808**

20 Capital, reserves and dividends *(continued)*

(b) Dividends

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

	2015	2014
	$'000	$'000
Interim dividends declared of $0.18 per share (2014: $0.18 per share)	67,084	67,084
Final dividend proposed after the end of the reporting period $0.17 per share (2014: $0.15 per share)	63,357	55,903
	130,441	122,987

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:

	2015	2014
	$'000	$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of $0.15 per share (2014: $0.12 per share)	55,903	44,722

20 Capital, reserves and dividends *(continued)*

(c) Share capital

Issued share capital

	2015		2014	
	No. of shares '000	$'000	No. of shares '000	$'000
Ordinary shares, issued and fully paid:				
At 1 January	**372,688**	**1,629,461**	372,688	372,688
Transition to no-par value regime on 3 March 2014 (note)	**—**	**—**	—	1,256,773
At 31 December	**372,688**	**1,629,461**	372,688	1,629,461

Note: The transition to the no-par value regime under the Hong Kong Companies Ordinance occurred automatically on 3 March 2014. On that date, the share premium account was subsumed into share capital in accordance with section 37 of Schedule 11 to the Ordinance. These changes did not impact on the number of shares in issue or the relative entitlement of any of the members. Since that date, all changes in share capital have been made in accordance with the requirements of Parts 4 and 5 of the Ordinance.

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.

(d) Nature and purpose of reserves

(i) Capital reserve and investment revaluation reserve

The capital reserve and investment revaluation reserve have been set up and are dealt with in accordance with the accounting policies adopted for subsidiaries in note 1(d) and the cumulative net change in the fair value of available-for-sale securities in note 1(g).

(ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 1(s).

20 Capital, reserves and dividends *(continued)*

(e) Distributability of reserves

At 31 December 2015, the aggregate amount of reserves available for distribution to equity shareholders of the Company, as calculated under the provisions of part 6 of the Hong Kong Companies Ordinance was $1,753,347,000 (2014: $1,254,503,000). After the end of the reporting period the directors proposed a final dividend of $0.17 per share (2014: $0.15 per share), amounting to $63,357,000 (2014: $55,903,000) (note 20(b)). This dividend has not been recognised as a liability at the end of the reporting period.

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

At 31 December 2015, the Group did not have external borrowings. Adjusted capital comprises all components of equity less unaccrued proposed dividends.

In order to monitor its capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders or raise new debt financing.

The adjusted capital at 31 December 2015 and 2014 was as follows:

	2015	2014
	$'000	$'000
Total equity	**4,924,851**	4,233,673
Less: Proposed dividend (note 20(b))	**(63,357)**	(55,903)
	4,861,494	4,177,770

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

21 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

The Group's credit risk is primarily attributable to bank deposits, loans to associates and a joint venture and trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Cash is deposited with financial institutions with sound credit ratings and the Group has exposure limits for any single financial institution.

With respect to loans to associates and a joint venture, management reviews the credit standing of the borrowers and also monitors on an ongoing basis to control and mitigate the credit risk. In respect of trade and other receivables, 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 within one month from the date of billing while further credit may be granted to individual customers when appropriate. Normally, the Group does not obtain collateral from customers.

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. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. The Group has no concentrations of credit risk in view of its variety of investments with different counterparties or large number of 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 16.

21 Financial risk management and fair values of financial instruments *(continued)*

(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 Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor current and expected 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.

The remaining contractual maturities at the end of the reporting period of the Group's non-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 can be required to pay, are within one year or on demand, except for the loan from an associate which is not repayable within the next twelve months.

(c) Interest rate risk

The Group is exposed to interest rate risk through the impact of rates changes on income-earning financial assets. The following table details their interest rate profile at the end of the reporting period.

		2015		2014	
	Fixed/ floating	**Effective interest rate**	**$'000**	Effective interest rate	$'000
Bank deposits and cash	Floating	**0.001% - 1.70%**	**182,120**	0.001% - 2.48%	77,732
Bank deposits and cash	Fixed	**0.01% - 0.81%**	**1,895,616**	0.01% - 4.04%	1,706,237

Sensitivity analysis

At 31 December 2015, it is estimated that a general increase/decrease of 25 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's profit after tax and retained profits by approximately $455,000 (2014: $194,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The impact on the Group's profit after tax and retained profits is estimated as an annualised impact on interest income of such a change in interest rates. The analysis is performed on the same basis for 2014.

21 Financial risk management and fair values of financial instruments *(continued)*

(d) Currency risk

The Group has foreign currency monetary assets and liabilities that are denominated in currencies other than the functional currency of the entity to which they relate. Exchange differences arising on settling or translating these foreign currency monetary items at rates different from those at the dates of the transactions giving rise to these monetary items are recognised in profit or loss.

The Group is exposed to currency risk primarily through its investments in securities and cash balances denominated in currencies other than its functional currency. The currencies giving rise to this risk are primarily Australian dollars.

In respect of the Group's assets denominated in United States dollars, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies.

Management of the Group continuously monitors the Group's exposure to such foreign currency risks to ensure they are at manageable levels.

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 currencies other than the functional currency of the entity to which they relate and the United States dollars. For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the year end date.

	Exposure to foreign currencies (expressed in Hong Kong dollars)			
	2015		2014	
	Australian dollars	**Renminbi**	Australian dollars	Renminbi
	$'000	**$'000**	$'000	$'000
Bank deposits and cash	**6,899**	**—**	7,598	133,559

21 Financial risk management and fair values of financial instruments *(continued)*

(d) Currency risk *(continued)*

Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollars and the United States dollars would be materially unaffected by any changes in movement in value of the United States dollars against other currencies.

	2015			2014		
	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits $'000	Effect on other components of equity $'000	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits $'000	Effect on other components of equity $'000
Australian dollars	5%	345	—	5%	380	—
	(5)%	(345)	—	(5)%	(380)	—
Renminbi	5%	—	—	5%	6,678	—
	(5)%	—	—	(5)%	(6,678)	—

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of the reporting period for presentation purposes.

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 is performed on the same basis for 2014.

21 Financial risk management and fair values of financial instruments *(continued)*

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as trading securities (see note 15) and available-for-sale securities (see note 14). Other than unquoted securities held for strategic purposes, all of these investments are listed.

The Group's listed investments are listed in Hong Kong. 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 investments held in the available-for-sale portfolio have been chosen based on their longer term growth potential and are monitored regularly for performance against expectation.

Given that the volatility of the stock markets may not have a direct correlation with the Group's investment portfolio, it is impractical to determine the impact that the changes in stock market indices would have on the Group's portfolio of equity investments.

At 31 December 2015, it is estimated that an increase/decrease of 5% (2014: 5%) in the fair value of the Group's listed and unlisted available-for-sale securities and trading securities, with all other variables held constant, would have increased/decreased the Group's profit after tax (and retained profits) and other components of consolidated equity as follows:

	2015			2014		
		Effect on profit after tax and retained profits $'000	Effect on other components of equity $'000		Effect on profit after tax and retained profits $'000	Effect on other components of equity $'000
Change in the relevant equity price risk variable:						
Increase	5%	14,880	45,860	5%	5,634	26,660
Decrease	(5)%	(14,880)	(45,860)	(5)%	(5,634)	(26,660)

21 Financial risk management and fair values of financial instruments *(continued)*

(e) Equity price risk *(continued)*

The sensitivity analysis indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise assuming that the changes in fair value 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 market value, that none of the Group's available-for-sale investments would be considered impaired as a result of the decrease in market value, and that all other variables remain constant. The analysis is performed on the same basis for 2014.

(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.

For financial instruments traded in inactive markets, their fair value measurements are based on net asset values provided by the relevant investment fund manager.

21 Financial risk management and fair values of financial instruments *(continued)*

(f) Fair value measurement *(continued)*

(i) Financial assets and liabilities measured at fair value (continued)

Fair value hierarchy *(continued)*

	Fair value at 31 December 2015	Fair value measurements as at 31 December 2015 categorised into			Fair value at 31 December 2014	Fair value measurements as at 31 December 2014 categorised into		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Recurring fair value measurements								
Assets								
Available-for-sale securities:								
– Listed	673,670	673,670	—	—	396,720	396,720	—	—
– Unlisted	243,523	38,151	82,180	123,192	136,483	36,102	78,479	21,902
Trading securities:								
– Listed	221,450	221,450	—	—	21,896	21,896	—	—
– Unlisted	112,694	—	85,324	27,370	94,399	—	59,307	35,092
	1,251,337	933,271	167,504	150,562	649,498	454,718	137,786	56,994

During the years ended 31 December 2014 and 2015, there were no transfers between Level 1 and Level 2. 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 and inputs used in Level 2 fair value measurements

The fair value of the financial assets is determined based on executable quotes provided by investment fund managers.

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs
Unlisted available-for-sale securities	Net asset value	N/A
Unlisted trading securities	Net asset value	N/A

The Group's unlisted available-for-sale securities and trading securities categorised in Level 3 comprise unlisted investment funds, the fair values of which are based on their net asset values. The fair values of the funds' underlying investments are determined by the investment fund managers based on a forward price/earnings multiple arrived at by comparison with publicly-traded comparable companies and after applying a liquidity discount.

21 Financial risk management and fair values of financial instruments *(continued)*

(f) Fair value measurement *(continued)*

(i) Financial assets and liabilities measured at fair value (continued)

Information about Level 3 fair value measurements *(continued)*

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	2015 $'000	2014 $'000
Unlisted available-for-sale securities:		
At 1 January	21,902	—
Payment for purchase	76,004	22,482
Net unrealised gains or losses recognised in other comprehensive income during the period	25,286	(580)
At 31 December	123,192	21,902
Total gains or losses for the period reclassified from other comprehensive income on disposal	—	—
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	—	—
Unlisted trading securities:		
At 1 January	35,092	34,979
Changes in fair value recognised in profit or loss during the period	(7,722)	113
At 31 December	27,370	35,092
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	(7,722)	113

21 Financial risk management and fair values of financial instruments *(continued)*

(f) Fair value measurement *(continued)*

(ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2015 and 2014. For the following intercompany amounts which are unsecured and have no fixed repayment terms, it is not meaningful to disclose their fair values. The Group has no intention of disposing of these loans and intercompany balances.

	2015 Carrying amount $'000	2014 Carrying amount $'000
Loan to an associate	**2,521**	2,496
Loan from an associate	**(252,879)**	(228,981)
Loan to a joint venture	**10,130**	10,130

22 Commitments

At 31 December 2015, the total future minimum lease payments under non-cancellable operating leases in respect of properties are payable as follows:

	2015 $'000	2014 $'000
Within 1 year	**5,618**	6,850
After 1 year but within 5 years	**553**	2,982
	6,171	9,832

Significant leasing arrangements in respect of land held under finance leases are described in note 10.

Apart from these leases, the Group is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of three months to two years, with an option to renew the leases upon expiry when all terms are renegotiated.

23 Material related party transactions

In addition to the transactions and balances disclosed above, the Group entered into the following material related party transactions.

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 6 and certain of the highest paid employees as disclosed in note 7, is as follows:

	2015	2014
	$'000	$'000
Short-term employee benefits	**31,125**	29,075
Post-employment benefits	**28**	77

Total remuneration is included in "Salaries, wages and other benefits" (see note 4).

(b) Other related party transactions

During the year, the Group was involved in the following material related party transactions, none of which is regarded as a "connected transaction" as defined under the Listing Rules.

(i) The Group extended a loan to and received interest from an associate, Western Harbour Tunnel Company Limited. The balance of the loan and interest receivable at 31 December 2015 was $2.5 million (2014: $2.5 million).

The Group received interest income and management fee income from Western Harbour Tunnel Company Limited of $0.02 million (2014: $0.02 million) and $2.5 million (2014: $2.5 million) respectively.

(ii) The Group received a loan from an associate, Tate's Cairn Tunnel Company Limited. The balance of the loan at 31 December 2015 was $252.9 million (2014: $229.0 million).

(iii) The Group received consultancy fees and management fee income from a joint venture of $12.6 million (2014: $12.6 million) and $1.2 million (2014: $1.2 million) respectively.

24 Company-level statement of financial position

		2015		2014	
	Note	$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment			44		58
Interest in subsidiaries			2,321,837		2,180,667
Investment in associate			—		149,847
Amount due from associate			417		417
			2,322,298		2,330,989
Current assets					
Trade and other receivables		1,170		1,194	
Dividend receivable		—		36,260	
Cash and cash equivalents		1,600,459		1,164,365	
		1,601,629		1,201,819	
Current liabilities					
Trade and other payables		34,798		30,042	
Dividends payable		1,071		2,235	
		35,869		32,277	
Net current assets			1,565,760		1,169,542
Total assets less current liabilities			3,888,058		3,500,531
Non-current liability					
Amounts due to subsidiaries			505,250		616,567
NET ASSETS			3,382,808		2,883,964
CAPITAL AND RESERVES	20(a)				
Share capital			1,629,461		1,629,461
Reserves			1,753,347		1,254,503
TOTAL EQUITY			3,382,808		2,883,964

Approved and authorised for issue by the board of directors on 23 March 2016

Yeung Hin Chung, John
Director

Yuen Wing Shing
Director

(Expressed in Hong Kong dollars)

25 Non-adjusting event after the reporting period

After the end of the reporting period the directors proposed a final dividend. Further details are disclosed in note 20(b).

26 Comparative figures

The comparative figures of revenue and other net gains/(losses) have been reclassified to conform to current year's presentation.

27 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2015

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and new standards which are not yet effective for the year ended 31 December 2015 and which have not been adopted in these financial statements. These include the followings which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Annual improvements to HKFRSs 2012-2014 cycle	1 January 2016
Amendments to HKFRS 10 and HKAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	1 January 2016
Amendments to HKFRS 11, *Accounting for acquisitions of interests in joint operations*	1 January 2016
Amendments to HKAS 1, *Disclosure initiative*	1 January 2016
Amendments to HKAS 16 and HKAS 38, *Clarification of acceptable methods of depreciation and amortisation*	1 January 2016
HKFRS 15, *Revenue from contracts with customers*	1 January 2018
HKFRS 9, *Financial instruments*	1 January 2018

The Group is in the process of making an assessment of what the impact of these amendments and new standards 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 consolidated financial statements.

Five Year Summary

(Expressed in Hong Kong dollars)

	2011	2012	2013	2014	**2015**
	$'000	$'000	$'000	$'000	**$'000**
Consolidated statement of profit or loss					
Revenue	247,406	283,941	290,480	343,912	**397,402**
Profit attributable to equity shareholders of the Company for the year	238,515	403,825	440,178	472,214	**619,808**
Dividends payable to equity shareholders of the Company attributable to the year	111,806	111,806	111,806	122,987	**130,441**
Consolidated statement of financial position					
Property, plant and equipment	156,904	168,686	151,166	150,851	**176,491**
Interest in associates	1,974,833	2,282,586	2,227,405	1,985,945	**1,785,632**
Interest in a joint venture	49,326	46,697	56,434	66,137	**77,378**
Available-for-sale securities	326,562	508,284	459,867	533,203	**917,193**
Deferred tax assets	3,060	2,830	2,750	2,490	**2,170**
Current assets	1,059,195	896,867	1,379,904	1,980,235	**2,513,646**
	3,569,880	3,905,950	4,277,526	4,718,861	**5,472,510**
Current liabilities	316,575	199,480	225,143	254,605	**290,613**
Deferred tax liabilities	531	279	332	1,602	**4,167**
Loan from an associate	162,070	184,228	205,518	228,981	**252,879**
NET ASSETS	3,090,704	3,521,963	3,846,533	4,233,673	**4,924,851**
Capital and reserves					
Share capital: nominal value	372,688	372,688	372,688	—	**—**
Other statutory capital reserves	1,256,773	1,256,773	1,256,773	—	**—**
Share capital and other statutory capital reserves	1,629,461	1,629,461	1,629,461	1,629,461	**1,629,461**
Other reserves	1,382,397	1,792,215	2,113,754	2,496,323	**3,174,395**
Total equity attributable to equity shareholders of the Company	3,011,858	3,421,676	3,743,215	4,125,784	**4,803,856**
Non-controlling interests	78,846	100,287	103,318	107,889	**120,995**
TOTAL EQUITY	3,090,704	3,521,963	3,846,533	4,233,673	**4,924,851**