

RESULTS

Revenue

Revenue for the year ended 31st December, 2018 (“Year”) amounted to HK\$843.6 million (2017: HK\$1,516.7 million), a decrease of 44.4% over last year and comprised gross rental income of HK\$544.5 million (2017: HK\$505.8 million), property sales of HK\$274.0 million (2017: HK\$990.1 million) and others of HK\$25.1 million (2017: HK\$20.8 million). The decline in revenue was mainly due to the decrease in sales of trading properties despite of the increase in gross rental income.

Gross Profit

Gross profit for the Year amounted to HK\$719.1 million (2017: HK\$969.8 million), a decrease of 25.9% as compared with last year which was mainly due to the decrease in profit from property sales of HK\$289.9 million despite of the increase in net rental income of HK\$35.8 million.

Property Leasing

For property leasing, the rental revenue in non-retail section increased by 11.2% to HK\$465.4 million while retail section decreased by 9.3% to HK\$79.1 million during the Year. The total rental income in revenue for the Year recorded an increase of 7.7% to HK\$544.5 million as compared with last year of HK\$505.8 million.

Together with the attributable rental revenue generated from associates, a joint venture and an investee company of HK\$139.3 million (2017: associates and an investee company of HK\$142.5 million), the total attributable rental revenue to the Company and its subsidiaries (collectively referred to as the “Group”) after non-controlling interests amounted to HK\$683.8 million (2017: HK\$647.1 million), which representing an increase of 5.7% over last year.

Attributable net rental income for the Year showed HK\$626.0 million, an increase of 6.4% over HK\$588.3 million in last year.

業績

收入

截至二零一八年十二月三十一日止年度（「本年度」）之收入為843,600,000港元（二零一七年：1,516,700,000港元），較去年減少44.4%，當中包括租金收入總額544,500,000港元（二零一七年：505,800,000港元）、物業銷售274,000,000港元（二零一七年：990,100,000港元）及其他收入為25,100,000港元（二零一七年：20,800,000港元）。收入下降主要由於買賣物業之銷售減少，儘管租金收入總額增加。

毛利

本年度之毛利為719,100,000港元（二零一七年：969,800,000港元），較去年減少25.9%，該減少主要由於物業銷售之溢利減少289,900,000港元，儘管租金收入淨額增加35,800,000港元。

物業租賃

在物業租賃方面，於本年度非零售部分之租金收入增加11.2%至465,400,000港元，而零售部分之租金收入則下降9.3%至79,100,000港元。本年度之收入錄得之租金收入總額較去年之505,800,000港元增加7.7%至544,500,000港元。

連同應佔聯營公司、一間合資公司及一間接受投資公司租金收入139,300,000港元（二零一七年：聯營公司及一間接受投資公司之142,500,000港元），本公司及其附屬公司（統稱「本集團」）扣除非控股權益後應佔租金收入總額683,800,000港元（二零一七年：647,100,000港元），相對去年增幅為5.7%。

本年度之應佔租金收入淨額為626,000,000港元，較去年之588,300,000港元增加6.4%。

RESULTS (Cont'd)

Property Leasing (Cont'd)

Following the acquisition of a building located in 11 and 12 St James's Square and 14 to 17 Ormond Yard, London, the United Kingdom in May 2017, it has contributed rental revenue and net rental income of HK\$79.5 million and HK\$75.8 million respectively (2017: both rental revenue and net rental income of HK\$51.1 million) during the Year.

Property Development and Trading

During the Year, the attributable property sales revenue from the Group and its associates and investee company recorded a decrease of 69.5% to HK\$270.8 million (2017: HK\$887.2 million) and the relevant attributable profit from the Group and its associates and investee company recorded a decrease of 59.7% to HK\$183.3 million (2017: the Group and its associates of HK\$454.2 million).

Sales of 55 Conduit Road in Mid-Levels West (70% interest) contributed an attributable profit to the Group of HK\$125.4 million (2017: sales of One South Lane in the Western District (100% interest) generated a profit of HK\$48.6 million; 55 Conduit Road and commercial accommodation and units, hourly parking area and parking spaces at The Zenith in Wanchai (87.5% interest) contributed attributable profit to the Group of HK\$108.0 million and HK\$239.4 million respectively).

In respect of properties held by associates, sales of a workshop unit at Kwong Kin Trade Centre in Tuen Mun (50% interest), a unit and two store rooms at Hing Wai Centre in Aberdeen (50% interest) and parking spaces at Greenville Residence in Yuen Long (50% interest) generated profit of HK\$1.9 million, HK\$1.7 million and HK\$0.3 million respectively (2017: sales of parking spaces at Greenville Residence and parking spaces at Mount Beacon in Kowloon Tong (33.33% interest) generated profit of HK\$1.1 million and HK\$57.1 million respectively), as reflected in the share of results of investments accounted for using the equity method. Sale of parking spaces at The Coronation in West Kowloon (15% interest) had contributed HK\$54.0 million (2017: nil) to investment income upon recognition of dividend income during the Year.

業績 (續)

物業租賃 (續)

隨著於二零一七年五月收購一幢位於英國倫敦St James's Square 11及12號以及Ormond Yard 14至17號之樓宇，於本年度所帶來之租金收入及租金收入淨額分別為79,500,000港元及75,800,000港元（二零一七年：租金收入及租金收入淨額均為51,100,000港元）。

物業發展及買賣

於本年度，本集團以及其聯營公司及接受投資公司之應佔物業銷售收入錄得減少69.5%至270,800,000港元（二零一七年：887,200,000港元），而本集團以及其聯營公司及接受投資公司之相關應佔溢利錄得減少59.7%至183,300,000港元（二零一七年：本集團及其聯營公司錄得454,200,000港元）。

銷售位於半山區西部之璈珀（佔70%權益）為本集團帶來應佔溢利125,400,000港元（二零一七年：銷售位於西區之南里壹號（佔100%權益）帶來溢利48,600,000港元；銷售璈珀及位於灣仔之尚翹峰商業部分及單位、時租車位以及車位（佔87.5%權益）分別為本集團帶來應佔溢利108,000,000港元及239,400,000港元）。

至於由聯營公司所持有之物業，銷售位於屯門之廣建貿易中心一個工場單位（佔50%權益）、位於香港仔之興偉中心一個單位及兩個儲物室（佔50%權益）以及位於元朗之逸翠軒車位（佔50%權益）分別帶來溢利1,900,000港元、1,700,000港元及300,000港元（二零一七年：銷售逸翠軒車位及位於九龍塘之畢架山峰車位（佔33.33%權益）分別帶來溢利1,100,000港元及57,100,000港元），已反映於攤佔以權益法入賬投資之業績內。銷售位於西九龍之御金•國峰車位（佔15%權益）於本年度確認股息收入時帶來54,000,000港元（二零一七年：無）之投資收入。

RESULTS (Cont'd)

Property Development and Trading (Cont'd)

In summary, the Group together with its associates and investee companies executed properties sale agreements, including contracted for sales agreements to third parties, recorded an attributable contracted sales of HK\$1,953.2 million (2017: HK\$181.4 million) (after cash rebate) during the Year. Total attributable property sales profit recognised for the Year was HK\$183.3 million (2017: HK\$454.2 million).

Securities Investments

The Group has in the ordinary and normal course of business conducted its securities investment activities, as at 31st December, 2018, comprised of bonds and listed equity investment. During the Year, the gain (excluding gain/loss recognised in financial assets measured at fair value through other comprehensive income ("FVTOCI") reserve) recognised from listed securities investments and treasury products was HK\$280.8 million (2017: HK\$1,708.7 million), comprised gain on listed equity investments at FVTOCI of HK\$991.6 million (2017: HK\$61.5 million) and loss on listed investments and treasury products at fair value through profit or loss ("FVTPL") of HK\$710.8 million (2017: gain of HK\$1,647.2 million).

During the Year, the Group did not dispose of any listed investments held-for-trading (2017: no disposal). The realised loss from sales of bonds of HK\$20.1 million (2017: realised gain of HK\$227.0 million) was recognised, mainly comprising the realised loss in the industries of overseas financial institutions of HK\$23.2 million (2017: realised gain of HK\$36.3 million), the realised loss in the industries of insurance of HK\$2.0 million (2017: realised gain of HK\$74.0 million), despite of the realised gain in the People's Republic of China ("PRC")-based real estate companies of HK\$7.7 million (2017: HK\$88.4 million). During the Year, the Group had acquired 11 bonds (2017: 29 bonds) (including those additions to the existing bonds) in the sum of HK\$2,602.9 million, and disposed of/redeemed 40 bonds (2017: 75 bonds) (including those with partial disposal) with carrying amounts in the sum of HK\$5,381.0 million. Bonds acquired were mainly in the industries of overseas financial institutions of 50.7% (2017: 38.3%) and PRC-based real estate companies of 47.6% (2017: 60.5%).

業績 (續)

物業發展及買賣 (續)

總括而言，本集團於本年度連同其聯營公司及接受投資公司已簽訂物業銷售協議（包括與第三者簽訂之已訂約銷售協議）錄得應佔訂約銷售金額為1,953,200,000港元（二零一七年：181,400,000港元）（扣除現金回贈後）。於本年度已確認之應佔物業銷售溢利總額為183,300,000港元（二零一七年：454,200,000港元）。

證券投資

本集團在一般及正常業務過程中進行證券投資活動，於二零一八年十二月三十一日包括債券及上市股本投資。於本年度，來自上市證券投資及財資產品確認之收益（不包括於通過其他全面收益以反映公平值（「通過其他全面收益以反映公平值」）計量之金融資產之儲備內確認之收益／虧損）為280,800,000港元（二零一七年：1,708,700,000港元），包括來自通過其他全面收益以反映公平值之上市股本投資之收益為991,600,000港元（二零一七年：61,500,000港元）及通過損益以反映公平值（「通過損益以反映公平值」）之上市投資及財資產品之虧損為710,800,000港元（二零一七年：收益為1,647,200,000港元）。

於本年度，本集團並無出售任何持作買賣之上市投資（二零一七年：並無出售）。出售債券確認之已變現虧損為20,100,000港元（二零一七年：已變現收益為227,000,000港元），主要包括來自海外金融機構行業之已變現虧損23,200,000港元（二零一七年：已變現收益36,300,000港元）、保險行業之已變現虧損2,000,000港元（二零一七年：已變現收益74,000,000港元），儘管中華人民共和國（「中國」）房地產公司之已變現收益7,700,000港元（二零一七年：88,400,000港元）。於本年度，本集團購入11隻（二零一七年：29隻）債券（包括增加現有之債券）總額為2,602,900,000港元，及出售／贖回40隻（二零一七年：75隻）債券（包括部分出售之債券）賬面值總額為5,381,000,000港元。購入之債券主要來自海外金融機構行業佔50.7%（二零一七年：38.3%）及中國房地產公司佔47.6%（二零一七年：60.5%）。

RESULTS (Cont'd)

Securities Investments (Cont'd)

Furthermore, the Group recorded an unrealised loss of HK\$1,255.1 million (2017: unrealised gain of HK\$600.3 million) representing the changes in fair value of bonds, which had no effect on the cash flow of the Group. The unrealised loss (2017: unrealised gain) from changes in fair value of bonds represented 25 bonds (2017: 39 bonds), mainly comprising unrealised loss from industries of overseas financial institutions of HK\$489.4 million or decrease in fair value of 12.0% over the Year; and unrealised loss from PRC-based real estate companies of HK\$714.5 million or decrease in fair value of 20.4% over the Year (2017: unrealised gain from industries of overseas financial institutions of HK\$562.9 million or increase in fair value of 9.1% over the year; and the unrealised gain from PRC-based real estate companies of HK\$25.9 million or increase in fair value of 0.8% over the year). The Group believes that the decrease in price of bonds in PRC-based real estate sector in the Year, among others, was owing to the PRC property sector has been facing a huge bond maturity repayment pressure in 2018 and combined with restrictive refinancing channels which could lead to tight liquidity while the decrease in overseas financial institutions sector during the Year, among others, was owing to increase in United States Federal funds rate of 0.25% in March 2018, 0.25% in June 2018, 0.25% in September 2018 and 0.25% in December 2018.

During the Year, interest income from bonds amounted to HK\$623.4 million (2017: HK\$910.9 million), represented 8.72% (2017: 7.71%) (before effect on leverage) return on average market value of bondholding during the Year.

Summing up the realised and unrealised gain/loss and adding the net income from net dividend income, interest income, other investment income and net finance costs of HK\$1,556.0 million (2017: net dividend income, interest income, other net investment income and finance costs HK\$881.4 million), the gain recognised from listed securities investments and treasury products was HK\$280.8 million (2017: HK\$1,708.7 million).

業績 (續)

證券投資 (續)

此外，本集團錄得債券之公平值變動之未變現虧損為1,255,100,000港元（二零一七年：未變現收益為600,300,000港元），對本集團現金流量並無影響。債券之公平值變動之未變現虧損（二零一七年：未變現收益）乃來自25隻（二零一七年：39隻）債券，主要包括來自海外金融機構行業之未變現虧損489,400,000港元或本年度之公平值減少12.0%；及中國房地產公司之未變現虧損714,500,000港元或本年度之公平值減少20.4%（二零一七年：海外金融機構行業之未變現收益562,900,000港元或公平值按年增加9.1%；以及中國房地產公司之未變現收益25,900,000港元或公平值按年增加0.8%）。本集團相信於本年度中國房地產行業之債券價格下降，乃因（其中包括）中國房地產行業於二零一八年面對龐大之債券到期償還壓力，加上再融資渠道之限制，導致流動資金緊縮。而於本年度海外金融機構行業之債券價格下降，乃因（其中包括）美國聯邦基金利率於二零一八年三月、六月、九月及十二月均上升0.25厘。

於本年度，債券之利息收入為623,400,000港元（二零一七年：910,900,000港元），於本年度持有債券按平均市值計算之回報為8.72%（二零一七年：7.71%）（槓桿影響前）。

總括已變現及未變現收益／虧損以及加入股息收入淨額、利息收入、其他投資收入及財務費用淨額之收入淨額為1,556,000,000港元（二零一七年：股息收入淨額、利息收入、其他投資收入淨額及財務費用之收入淨額為881,400,000港元），上市證券投資及財資產品確認之收益為280,800,000港元（二零一七年：1,708,700,000港元）。

RESULTS (Cont'd)

Securities Investments (Cont'd)

The respective income/expense from securities investments under different categories are further elaborated below:

Listed Investments and Treasury Products at Fair Value Through Profit or Loss

The listed investments and treasury products at FVTPL recorded a loss before and after net finance costs of HK\$639.8 million and HK\$710.8 million (2017: profit before and after finance costs of HK\$1,751.5 million and HK\$1,647.2 million) respectively for the Year.

Loss from the listed investments and treasury products at FVTPL reflected in the consolidated statement of comprehensive income for the Year comprised a realised loss on fair value changes of bonds of HK\$20.1 million (2017: realised gain of HK\$227.0 million), an unrealised loss on fair value changes of bonds of HK\$1,255.1 million (2017: unrealised gain of HK\$600.3 million), interest income of HK\$623.4 million (2017: HK\$910.9 million) and other investment income of HK\$12.0 million (2017: other net investment income of HK\$13.3 million). Net relevant finance costs for the Year was HK\$71.0 million (2017: relevant finance costs of HK\$104.3 million) including interest expense of HK\$79.8 million (2017: HK\$60.4 million) and exchange gain of HK\$8.8 million (2017: exchange loss of HK\$43.9 million).

The table below summarises the performance of bonds during the Year.

業績 (續)

證券投資 (續)

以下就來自不同類型之證券投資收入／開支作進一步詳述：

通過損益以反映公平值之上市投資及財資產品

通過損益以反映公平值之上市投資及財資產品於本年度計入財務費用淨額前／後分別錄得虧損639,800,000港元及710,800,000港元(二零一七年：財務費用前／後溢利1,751,500,000港元及1,647,200,000港元)。

於本年度，通過損益以反映公平值之上市投資及財資產品之虧損反映於綜合全面收益報表內，包括債券之公平值變動之已變現虧損20,100,000港元(二零一七年：已變現收益227,000,000港元)、債券之公平值變動之未變現虧損1,255,100,000港元(二零一七年：未變現收益600,300,000港元)、利息收入623,400,000港元(二零一七年：910,900,000港元)以及其他投資收入12,000,000港元(二零一七年：其他投資收入淨額13,300,000港元)。本年度相關財務費用淨額為71,000,000港元(二零一七年：相關財務費用104,300,000港元)，包括利息開支79,800,000港元(二零一七年：60,400,000港元)及匯兌收益8,800,000港元(二零一七年：匯兌虧損43,900,000港元)。

下表概述本年度債券之表現。

Bond issuers by industry	按債券發行人之行業	Realised (loss) gain 已變現 (虧損) 收益		Unrealised (loss) gain 未變現 (虧損) 收益		Interest income 利息收入		Total (loss) gain (虧損) 收益總額	
		2018	2017	2018	2017	2018	2017	2018	2017
		HK\$'million 百萬港元	HK\$'million 百萬港元	HK\$'million 百萬港元	HK\$'million 百萬港元	HK\$'million 百萬港元	HK\$'million 百萬港元	HK\$'million 百萬港元	HK\$'million 百萬港元
Overseas financial institutions	海外金融機構	(23.2)	36.3	(489.4)	562.9	304.2	458.7	(208.4)	1,057.9
Insurance	保險	(2.0)	74.0	-	(8.5)	1.2	62.2	(0.8)	127.7
PRC-based real estate	中國房地產	7.7	88.4	(714.5)	25.9	294.1	319.3	(412.7)	433.6
Others	其他	(2.6)	28.3	(51.2)	20.0	23.9	70.7	(29.9)	119.0
		(20.1)	227.0	(1,255.1)	600.3	623.4	910.9	(651.8)	1,738.2
Other net investment income	其他投資收入淨額							12.0	13.3
(Loss) profit before net finance costs	財務費用淨額前之 (虧損) 溢利							(639.8)	1,751.5
Net finance costs	財務費用淨額							(71.0)	(104.3)
(Loss) profit after net finance costs	財務費用淨額後之 (虧損) 溢利							(710.8)	1,647.2

RESULTS (Cont'd)

Securities Investments (Cont'd)

The respective income/expense from securities investments under different categories are further elaborated below: (Cont'd)

Listed Equity Investments at Fair Value Through Other Comprehensive Income

(a) Implication on Profit or Loss for the Year

Dividend income from and finance costs of holding listed equity investments at FVTOCI were recognised in profit or loss for the Year. During the Year, dividend income of HK\$1,106.8 million was recorded from holding shares of China Evergrande Group (stock code: 3333) ("China Evergrande") ("Evergrande Shares"), hence the result from listed equity investments at FVTOCI recorded a net gain of HK\$991.6 million (2017: HK\$61.5 million) comprised net relevant finance costs of HK\$115.6 million (2017: relevant finance costs of HK\$86.3 million), net dividend income of HK\$1,106.5 million (after transaction costs) and other investment income of HK\$0.7 million (2017: net dividend income of HK\$146.7 million (after withholding tax and transaction costs) from 577,180,500 H shares of Shengjing Bank Co., Ltd. (stock code: 2066) ("SJB Shares") and other net investment income of HK\$1.1 million).

(b) Implication on Other Comprehensive Expenses/Income for the Year

During the Year, the unit share price of China Evergrande had been dropped from HK\$26.95 as at 29th December, 2017 (being the last trading day for the year ended 31st December, 2017) to HK\$23.45 as at 31st December, 2018, or 13.0% over the Year, hence an unrealised loss on fair value changes of listed equity investments at FVTOCI of HK\$3,052.2 million was recognised in other comprehensive expenses (2017: unrealised gain of HK\$9,928.3 million was recognised in other comprehensive income). Further, a realised gain on fair value change from disposal of certain Evergrande Shares of HK\$36.7 million (2017: from disposal of the SJB Shares of HK\$2,126.0 million) was recorded in other comprehensive income. Realised gain/loss on fair value change is a cash item while unrealised fair value change is a non-cash item and will not affect the cash flow of the Group. The Group believes that the decrease in share price of China Evergrande for the Year, among others, was owing to the poor market sentiment on PRC-based companies with United States dollar ("US\$") debt exposure against a weakened Renminbi ("RMB") currency.

業績 (續)

證券投資 (續)

以下就來自不同類型之證券投資收入／開支作進一步詳述：(續)

通過其他全面收益以反映公平值之上市股本投資

(a) 本年度損益之影響

於本年度，持有通過其他全面收益以反映公平值之上市股本投資而產生之股息收入及財務費用於損益內確認。於本年度，錄得來自持有中國恆大集團（股份代號：3333）（「中國恆大」）股份（「恆大股份」）之股息收入為1,106,800,000港元，因此通過其他全面收益以反映公平值之上市股本投資之業績錄得收益淨額991,600,000港元（二零一七年：61,500,000港元），包括相關財務費用淨額115,600,000港元（二零一七年：相關財務費用86,300,000港元）、股息收入淨額1,106,500,000港元（扣除交易成本後）以及其他投資收入700,000港元（二零一七年：來自577,180,500股盛京銀行股份有限公司H股（股份代號：2066）股份（「盛京銀行股份」）之股息收入淨額146,700,000港元（扣除預提稅及交易成本後）及其他投資收入淨額1,100,000港元）。

(b) 本年度其他全面支出／收益之影響

於本年度，中國恆大每股股價由二零一七年十二月二十九日（即截至二零一七年十二月三十一日止年度之最後交易日）之26.95港元下跌至二零一八年十二月三十一日之23.45港元或本年度下跌13.0%，因此通過其他全面收益以反映公平值之上市股本投資之公平值變動之未變現虧損3,052,200,000港元於其他全面支出內確認（二零一七年：未變現收益9,928,300,000港元於其他全面收益內確認）。此外，經出售若干恆大股份而產生公平值變動之已變現收益36,700,000港元（二零一七年：經出售盛京銀行股份2,126,000,000港元）於其他全面收益內確認。公平值變動之已變現收益／虧損乃現金項目，而未變現公平值變動乃非現金項目，對本集團現金流量並無構成影響。本集團相信於本年度中國恆大之股價下跌乃因（其中包括）人民幣（「人民幣」）疲弱使中國公司面對美元（「美元」）債務風險以致市場氣氛不佳所致。

RESULTS (Cont'd)

Securities Investments (Cont'd)

The respective income/expense from securities investments under different categories are further elaborated below: (Cont'd)

Listed Equity Investments at Fair Value Through Other Comprehensive Income (Cont'd)

The table below summarises the performance of the Evergrande Shares during the Year.

業績 (續)

證券投資 (續)

以下就來自不同類型之證券投資收入／開支作進一步詳述：(續)

通過其他全面收益以反映公平值之上市股本投資 (續)

下表概述本年度恒大股份之表現。

		Number of shares	Closing price (per share)	Recorded in consolidated statement of financial position		Recorded in consolidated statement of comprehensive income	
				錄入綜合財務狀況報表	錄入綜合全面收益報表	Financial assets measured at fair value through other comprehensive income	Financial assets measured at fair value through other comprehensive income reserve
		股份數目	收市價 (每股)	通過其他全面收益以反映公平值計量之金融資產	通過其他全面收益以反映公平值計量之金融資產之儲備	本年度溢利	本年度其他全面支出
			HK\$ 港元	HK\$'million 百萬港元	HK\$'million 百萬港元	HK\$'million 百萬港元	HK\$'million 百萬港元
At 31st December, 2017	於二零一七年十二月三十一日	857,541,000	26.95	23,110.7	9,928.3	-	-
Net purchase	購入淨額	2,459,000		71.8	-	-	-
Unrealised fair value changes	未變現公平值變動	-		(3,052.2)	(3,052.2)	-	(3,052.2)
Realised fair value changes	已變現公平值變動	-		36.7	36.7	-	36.7
Transaction costs on disposal	出售之交易成本	-		-	(1.0)	-	(1.0)
Net dividend income	股息收入淨額	-		-	-	1,106.5	-
Other investment income	其他投資收入	-		-	-	0.7	-
Net finance costs	財務費用淨額	-		-	-	(115.6)	-
Transfer to retained profits upon disposal	於出售時轉撥至保留溢利	-		-	(340.8)	-	-
At 31st December, 2018	於二零一八年十二月三十一日	860,000,000	23.45	20,167.0	6,571.0	991.6	(3,016.5)
Percentage to total assets At 31st December, 2018	佔資產總額之百分比於二零一八年十二月三十一日			41.4%			
At 31st December, 2017	於二零一七年十二月三十一日			41.2%			

RESULTS (Cont'd)

Other Income and Expenses

Other income for the Year, which mainly came from net building management fee income, rental services income, property management services, leasing administration services and property administration services income, consultancy fee income, exchange gain, net and reversal of impairment in respect of other receivable and interest thereon, increased to HK\$173.1 million (2017: HK\$132.0 million), representing an increase of 31.1% as compared with last year. The increase was mainly derived from the reversal of impairment in respect of other receivable and interest thereon of HK\$89.2 million (2017: HK\$4.7 million) despite of decrease in property management services, leasing administration services and property administration services income from HK\$52.2 million to HK\$29.8 million.

During the Year, administrative expenses decreased by 8.5% to HK\$255.5 million (2017: HK\$279.3 million). The decrease in administrative expenses was mainly due to the decrease in staff costs during the Year. Finance costs increased by 16.9% to HK\$345.0 million (2017: HK\$295.2 million) during the Year, including exchange gain of HK\$9.5 million (2017: exchange loss of HK\$52.2 million) on translation of foreign currency other borrowings hedged for foreign currency securities investments and exchange loss of HK\$2.6 million (2017: nil) on translation of a foreign currency bank borrowing. The increase in finance costs was mainly due to the increase in interest rates during the Year.

Other gains and losses for the Year recorded a loss of HK\$2.6 million (2017: net gain of HK\$140.3 million, which mainly comprised gains on the disposals of the Group's entire issued share capital of (i) Pinecrest International Limited, an indirect wholly-owned subsidiary of the Company, and its subsidiaries ("Pinecrest Disposal") and (ii) Win Kings Holding Ltd., an indirect wholly-owned subsidiary of the Company, and its subsidiary ("Win Kings Disposal") of HK\$143.3 million in total).

業績(續)

其他收入及開支

本年度之其他收入主要來自樓宇管理費收入淨額、租賃服務收入、物業管理服務、租務行政服務及物業行政服務收入、顧問費收入、匯兌收益淨額以及撥回其他應收賬項之減值及相關利息，增加至173,100,000港元（二零一七年：132,000,000港元），較去年增加31.1%。該增加主要來自撥回其他應收賬項之減值及相關利息89,200,000港元（二零一七年：4,700,000港元），儘管物業管理服務、租務行政服務及物業行政服務收入由52,200,000港元減少至29,800,000港元。

於本年度，行政開支減少8.5%至255,500,000港元（二零一七年：279,300,000港元）。行政開支之減少主要由於於本年度僱員成本減少所致。財務費用於本年度增加16.9%至345,000,000港元（二零一七年：295,200,000港元），當中包括外幣其他借貸用以對沖外幣證券投資所產生之匯兌收益9,500,000港元（二零一七年：匯兌虧損52,200,000港元）及外幣銀行借貸所產生之匯兌虧損2,600,000港元（二零一七年：無）。財務費用之增加主要由於於本年度利率上升所致。

本年度其他收益及虧損錄得虧損2,600,000港元（二零一七年：收益淨額140,300,000港元，主要包括出售本集團於(i) Pinecrest International Limited（本公司之一間間接全資擁有附屬公司）之全部已發行股本及其附屬公司（「Pinecrest出售」）及(ii) Win Kings Holding Ltd.（本公司之一間間接全資擁有附屬公司）之全部已發行股本及其附屬公司（「Win Kings出售」）之收益合共143,300,000港元）。

RESULTS (Cont'd)

Investments Accounted for Using the Equity Method

The share of results of investments accounted for using the equity method recorded a profit of HK\$232.3 million (2017: HK\$189.9 million).

The share of results of associates for the Year was a profit of HK\$228.8 million as compared to HK\$189.9 million for last year. The increase was mainly due to the increase in fair value gain of investment properties held by an associate compared with last year and an underprovision of tax in prior years of an associate was recognised in 2017.

During the Year, the Group subscribed 50% equity interest in a joint venture holding a property located at Nos. 14-18 Ma Kok Street (known as Possehl Building) in Tsuen Wan. The share of results of a joint venture for the Year was a profit of HK\$3.5 million (2017: nil).

Fair Value Changes on Investment Properties

Investment properties of the Group in Hong Kong and Mainland China were revalued at 31st December, 2018 by B.I. Appraisals Limited ("B.I. Appraisals") whereas investment properties in the United Kingdom were revalued by Peak Vision Appraisals Limited ("Peak Vision Appraisals"). B.I. Appraisals and Peak Vision Appraisals are independent property valuers. A gain on fair value changes of investment properties of HK\$122.3 million (2017: HK\$564.5 million) was recorded during the Year. The unrealised fair value change is a non-cash item and will not affect the cash flow of the Group.

業績 (續)

以權益法入賬之投資

攤佔以權益法入賬投資之業績錄得溢利232,300,000港元(二零一七年: 189,900,000港元)。

本年度之攤佔聯營公司業績之溢利為228,800,000港元，相比去年為189,900,000港元。該增加主要由於由一間聯營公司持有之投資物業公平值收益相比去年增加，以及於二零一七年確認一間聯營公司於過往年度之稅項撥備不足。

於本年度，本集團認購一間合資公司之50%股本權益，該合資公司持有位於荃灣馬角街14-18號之物業(稱為「栢獅電子大廈」)。本年度之攤佔一間合資公司業績之溢利為3,500,000港元(二零一七年: 無)。

投資物業之公平值變動

保柏國際評估有限公司(「保柏國際評估」)已就本集團位於香港及中國大陸之投資物業進行於二零一八年十二月三十一日之物業估值。至於本集團位於英國之投資物業，由漂鋒評估有限公司(「漂鋒評估」)進行物業估值。保柏國際評估及漂鋒評估均為獨立物業估值師。於本年度錄得投資物業之公平值變動之收益為122,300,000港元(二零一七年: 564,500,000港元)。未變現之公平值變動乃非現金項目，對本集團現金流量並無構成影響。

PROFIT, CORE PROFIT, DIVIDENDS, REPURCHASE, CASH PAYMENT RATIO AND TOTAL COMPREHENSIVE EXPENSES/INCOME

Profit

Profit for the Year attributable to owners of the Company was HK\$1,015.3 million as compared to HK\$3,708.9 million for last year. The decrease in profit for the Year was mainly due to (i) no imputed interest income from deferred consideration receivables was recognised during the Year as compared with HK\$772.6 million recorded in 2017; (ii) no gain on disposal of subsidiary was recorded during the Year as compared with gains on the Pinecrest Disposal and the Win Kings Disposal of HK\$143.3 million in total recorded in 2017; (iii) decrease in profit from listed securities investments and treasury products of HK\$1,427.9 million; (iv) decrease in gain on fair value changes of investment properties of HK\$442.2 million; and (v) decrease in attributable property sales profit. Earnings per share for the Year was HK\$0.53 (2017: HK\$1.94).

Core Profit

During the year of 2017, the Group disposed of certain investment properties through disposals of subsidiaries, of which their costs were stated at fair value, and the Group disposed of stock of properties which were classified as investment properties and/or land and building in prior years. Before disposal, such gain/loss on fair value change was unrealised and recognised at the end of each reporting period, but excluded from core profit/loss as non-cash items. In the year of disposal, such unrealised gain/loss had become realised; and in computing core profit/loss, accumulated fair value gain/loss from prior years and current year were included as cash items.

If the net gain on the major non-cash items of HK\$297.0 million (2017: HK\$646.4 million) are excluded, the Group will have a core profit for the Year attributable to owners of the Company of HK\$718.3 million (2017: HK\$3,398.7 million including the accumulated net realised fair value gain together with their respective deferred tax on disposals of investment properties and stock of properties from the Group recognised in prior years of HK\$336.2 million (including those recognised in properties revaluation reserve)) and a core profit per share of HK\$0.38 (2017: HK\$1.78).

溢利、核心溢利、股息、回購、現金支出比率及全面支出／收益總額

溢利

本公司擁有人應佔本年度之溢利為1,015,300,000港元，相比去年為3,708,900,000港元。本年度溢利減少主要由於(i)於本年度並無確認應收遞延代價所產生之名義利息收入，而於二零一七年錄得772,600,000港元；(ii)於本年度並無錄得出售附屬公司之收益，而於二零一七年Pinecrest出售及Win Kings出售之收益合共錄得143,300,000港元；(iii)來自上市證券投資及財資產品溢利減少1,427,900,000港元；(iv)投資物業之公平值變動之收益減少442,200,000港元；以及(v)應佔物業銷售溢利減少。本年度之每股盈利為0.53港元（二零一七年：1.94港元）。

核心溢利

於二零一七年，本集團透過出售附屬公司而出售若干投資物業（其成本以公平值列賬）以及本集團出售物業存貨（於過往年度分類為投資物業及／或土地及樓宇）。於出售前，該公平值變動收益／虧損為未變現並於每個報告期末確認，但列為非現金項目並不包括在核心溢利／虧損內。於出售年度，該未變現之收益／虧損成為已變現；並於計算核心溢利／虧損時，會包括於過往年度及本年度之累積公平值收益／虧損並列為現金項目。

如撇除主要非現金項目收益淨額297,000,000港元（二零一七年：646,400,000港元），本集團將錄得本公司擁有人應佔本年度之核心溢利718,300,000港元（二零一七年：3,398,700,000港元，包括本集團就出售投資物業及物業存貨於過往年度確認之累積已變現公平值收益淨額連同其相關之遞延稅項為336,200,000港元（包括其確認於物業重估儲備））及每股核心溢利為0.38港元（二零一七年：1.78港元）。

PROFIT, CORE PROFIT, DIVIDENDS, REPURCHASE, CASH PAYMENT RATIO AND TOTAL COMPREHENSIVE EXPENSES/INCOME

(Cont'd)

Core Profit (Cont'd)

The major non-cash items represented the attributable net unrealised fair value gain on investment properties together with their respective deferred tax from the Group and its associates and joint venture of HK\$297.0 million (2017: the Group and its associates of HK\$646.4 million).

Dividends

Final dividend of HK10 cents (year ended 31st December, 2016: HK1 cent) per share in total amount of HK\$190.8 million for the year ended 31st December, 2017 was paid in cash on 6th June, 2018.

Interim dividend of HK1 cent (half year ended 30th June, 2017: HK20 cents) per share in total amount of HK\$19.0 million for the half year ended 30th June, 2018 was paid in cash on 17th September, 2018.

No special interim dividend was paid for the Year. In the year of 2017, special interim dividends of HK\$2 in aggregate per share in total amount of HK\$3,815.2 million and HK\$2.91 per share in total amount of HK\$5,551.2 million were paid in cash on 10th February, 2017 and 23rd June, 2017 respectively.

Total dividends of HK\$209.8 million were paid in cash during the Year.

溢利、核心溢利、股息、回購、現金 支出比率及全面支出／收益總額 (續)

核心溢利 (續)

主要非現金項目乃指來自本集團以及其聯營公司及合資公司之應佔投資物業之未變現公平值收益淨額連同其相關之遞延稅項共297,000,000港元(二零一七年:來自本集團及其聯營公司共646,400,000港元)。

股息

截至二零一七年十二月三十一日止年度之每股10港仙(截至二零一六年十二月三十一日止年度:每股1港仙)總額為190,800,000港元之末期股息,已於二零一八年六月六日以現金派付。

截至二零一八年六月三十日止半年度之每股1港仙(截至二零一七年六月三十日止半年度:每股20港仙)總額為19,000,000港元之中期股息,已於二零一八年九月十七日以現金派付。

於本年度,並無派付特別中期股息。於二零一七年,每股合共2港元總額為3,815,200,000港元及每股2.91港元總額為5,551,200,000港元之特別中期股息,已分別於二零一七年二月十日及二零一七年六月二十三日以現金派付。

於本年度,以現金派付之股息總額為209,800,000港元。

PROFIT, CORE PROFIT, DIVIDENDS, REPURCHASE, CASH PAYMENT RATIO AND TOTAL COMPREHENSIVE EXPENSES/INCOME

(Cont'd)

Repurchase

During the Year, the Company had not repurchased any of the Company's share.

Cash Payment Ratio

Based on (a) the core profit for the Year of HK\$718.3 million or HK\$0.38 per share (2017: HK\$3,398.7 million or HK\$1.78 per share); (b) cash final dividend for the Year of HK10 cents (2017: HK10 cents) per share proposed; (c) cash interim dividend for 2018 of HK1 cent (2017: HK20 cents) per share; and (d) no special interim dividend declared or paid (2017: cash special interim dividends of HK\$3.55 in aggregate per share paid), the ratio of such cash payment to the core profit is 28.9% (2017: 216.3%).

Total Comprehensive Expenses/Income

Total comprehensive expenses for the Year attributable to owners of the Company was HK\$2,117.0 million or HK\$1.11 per share (2017: total comprehensive income of HK\$16,348.7 million or HK\$8.57 per share), which comprised (a) profit for the Year attributable to owners of the Company of HK\$1,015.3 million (2017: HK\$3,708.9 million); and (b) other comprehensive expenses for the Year attributable to owners of the Company of HK\$3,132.3 million (2017: other comprehensive income of HK\$12,639.8 million) which mainly included loss on fair value changes of listed equity investment at FVTOCI of HK\$3,015.5 million (2017: gains of HK\$12,054.3 million), details are disclosed in the sub-paragraph headed "Listed Equity Investments at Fair Value Through Other Comprehensive Income (b) Implication on Other Comprehensive Expenses/Income for the Year" of paragraph headed "Securities Investments" above.

溢利、核心溢利、股息、回購、現金支出比率及全面支出／收益總額

(續)

回購

於本年度，本公司並無回購本公司之任何股份。

現金支出比率

根據(a)本年度之核心溢利718,300,000港元或每股0.38港元(二零一七年:3,398,700,000港元或每股1.78港元);(b)建議宣派以現金派付本年度之末期股息每股10港仙(二零一七年:每股10港仙);(c)以現金派付之二零一八年中期股息每股1港仙(二零一七年:每股20港仙);及(d)並無宣派或派付特別中期股息(二零一七年:以現金派付之特別中期股息每股合共3.55港元),該現金支出與核心溢利之比率為28.9%(二零一七年:216.3%)。

全面支出／收益總額

本公司擁有人應佔本年度之全面支出總額為2,117,000,000港元或每股1.11港元(二零一七年:全面收益總額為16,348,700,000港元或每股8.57港元),其中包括(a)本公司擁有人應佔本年度之溢利1,015,300,000港元(二零一七年:3,708,900,000港元);及(b)本公司擁有人應佔本年度之其他全面支出3,132,300,000港元(二零一七年:其他全面收益12,639,800,000港元),主要包括通過其他全面收益以反映公平值之上市股本投資之公平值變動虧損3,015,500,000港元(二零一七年:收益12,054,300,000港元),詳情已於上文「證券投資」一段中之「通過其他全面收益以反映公平值之上市股本投資(b)本年度其他全面支出／收益之影響」分段內披露。

NET ASSET VALUE

As at 31st December, 2018, the Group's net asset attributable to owners of the Company amounted to HK\$34,062.4 million (2017: HK\$36,385.9 million), a decrease of HK\$2,323.5 million or 6.4% when compared with 31st December, 2017. With the total number of ordinary shares in issue of 1,907,619,079 as at 31st December, 2018 and 2017, the net asset value per share attributable to owners of the Company was HK\$17.86 (2017: HK\$19.07). The movement in net asset value was mainly due to (a) total comprehensive expenses for the Year attributable to owners of the Company of HK\$2,117.0 million; (b) final and interim dividends recognised as distribution during the Year totaling HK\$209.8 million; and (c) forfeiture of unclaimed dividends recorded in retained profits of HK\$3.3 million.

During the Year, loss on fair value changes of the listed equity investment categorised as financial assets measured at FVTOCI of HK\$3,015.5 million, as well as the transaction cost of disposal of certain Evergrande Shares of HK\$1.0 million (2017: gains of HK\$12,054.3 million, as well as the transaction costs of the disposal of the Group's entire issued share capital of Great Captain Limited, an indirect wholly-owned subsidiary of the Company, of HK\$1.7 million) was recorded in other comprehensive expenses/income. Upon completion of disposal, the Group transferred the balance of the financial assets measured at FVTOCI reserve that related to the disposed listed equity investment of HK\$340.8 million (2017: negative balance of HK\$242.2 million) to retained profits. The cumulative amount of the gain on fair value change of listed equity investment included in financial assets measured at FVTOCI reserve was HK\$6,571.0 million as at 31st December, 2018 (2017: HK\$9,928.3 million).

Other than the existing projects and those disclosed in the final results, the Group did not have material acquisition or disposal of assets and any future plans for material investment or capital assets.

資產淨值

於二零一八年十二月三十一日，本公司擁有人應佔本集團之資產淨值為34,062,400,000港元（二零一七年：36,385,900,000港元），較二零一七年十二月三十一日減少2,323,500,000港元或6.4%。根據二零一八年及二零一七年十二月三十一日之已發行普通股總數1,907,619,079股計算，本公司擁有人應佔之每股資產淨值為17.86港元（二零一七年：19.07港元）。資產淨值變動主要與(a)本公司擁有人應佔本年度之全面支出總額2,117,000,000港元；(b)於本年度已確認派發之末期及中期股息共209,800,000港元；及(c)於保留溢利錄得沒收未領取之股息3,300,000港元有關。

於本年度，分類為通過其他全面收益以反映公平值計量之金融資產之上市股本投資之公平值變動虧損為3,015,500,000港元，以及出售若干恆大股份之交易成本為1,000,000港元（二零一七年：收益為12,054,300,000港元以及出售本集團於Great Captain Limited（本公司之一間間接全資擁有附屬公司）之全部已發行股本之交易成本為1,700,000港元），並錄入為其他全面支出／收益。於完成出售後，本集團將有關已出售上市股本投資之餘額340,800,000港元（二零一七年：負債餘額242,200,000港元）由通過其他全面收益以反映公平值計量之金融資產之儲備轉撥至保留溢利。於二零一八年十二月三十一日，上市股本投資之公平值變動收益之累計金額6,571,000,000港元（二零一七年：9,928,300,000港元）已包括在通過其他全面收益以反映公平值計量之金融資產之儲備內。

除現有項目及於全年業績內所披露者外，本集團並無重大收購或出售資產及重大投資或資本資產之未來計劃。

NET CURRENT LIABILITIES

The Group recorded net current liabilities as at 31st December, 2018 of HK\$2,749.8 million (2017: HK\$2,804.8 million), of which current assets were HK\$7,104.6 million (2017: HK\$10,978.6 million) and current liabilities were HK\$9,854.4 million (2017: HK\$13,783.4 million). The position was mainly due to certain of the Group's current liabilities had been utilised to finance the Group's non-current assets.

In the consolidated statement of financial position and within securities investment activities, which comprised of bonds and listed equity investment, the total carrying amount as at 31st December, 2018 was HK\$26,852.5 million (2017: HK\$33,849.5 million). Included in non-current assets were part of the bonds in the sum of HK\$1,271.6 million (2017: HK\$1,979.4 million) presented as financial assets measured at FVTPL and listed equity investment in the sum of HK\$20,167.0 million (2017: HK\$23,110.7 million) presented as financial assets measured at FVTOCI. Included in current assets were part of the bonds in the sum of HK\$5,413.9 million (2017: HK\$8,759.4 million) presented as financial assets measured at FVTPL. Margin loans utilised to finance the securities investments in both non-current and current assets in the sum of HK\$7,330.5 million (2017: HK\$9,873.7 million) were presented as borrowings in current liabilities.

If the margin loans of HK\$7,330.5 million (2017: HK\$9,873.7 million) were allocated into the securities investments secured according to the respective non-current and current assets presentation, HK\$4,240.4 million (2017: HK\$5,221.0 million) and HK\$3,090.1 million (2017: HK\$4,652.7 million) were secured by the securities investments in non-current and current assets respectively.

If the margin loans secured by the securities investments in non-current assets of HK\$4,240.4 million (2017: HK\$5,221.0 million) were reclassified as non-current liabilities, the net current liabilities position of the Group would become net current assets position as at 31st December, 2018 of HK\$1,490.6 million (2017: HK\$2,416.2 million).

流動負債淨值

於二零一八年十二月三十一日，本集團錄得流動負債淨值2,749,800,000港元（二零一七年：2,804,800,000港元），其中流動資產為7,104,600,000港元（二零一七年：10,978,600,000港元）及流動負債為9,854,400,000港元（二零一七年：13,783,400,000港元）。該狀況主要由於本集團若干流動負債用作融資本集團非流動資產所致。

於二零一八年十二月三十一日綜合財務狀況報表及證券投資（包括債券及上市股本投資）活動中之賬面值總額為26,852,500,000港元（二零一七年：33,849,500,000港元）。非流動資產當中包括呈列為通過損益以反映公平值計量之金融資產之部分債券1,271,600,000港元（二零一七年：1,979,400,000港元）及呈列為通過其他全面收益以反映公平值計量之金融資產之上市股本投資20,167,000,000港元（二零一七年：23,110,700,000港元）。流動資產當中包括呈列為通過損益以反映公平值計量之金融資產之部分債券5,413,900,000港元（二零一七年：8,759,400,000港元）。用作融資非流動及流動資產中之證券投資之保證金貸款合共7,330,500,000港元（二零一七年：9,873,700,000港元），呈列為流動負債中之借貸。

倘將保證金貸款7,330,500,000港元（二零一七年：9,873,700,000港元）以相關呈列於非流動及流動資產中之抵押證券投資分配，4,240,400,000港元（二零一七年：5,221,000,000港元）及3,090,100,000港元（二零一七年：4,652,700,000港元）之保證金貸款分別以非流動及流動資產中證券投資作為抵押。

倘以非流動資產中證券投資作為抵押之保證金貸款4,240,400,000港元（二零一七年：5,221,000,000港元）被重新分類為非流動負債，本集團於二零一八年十二月三十一日之流動負債淨值狀況將變為流動資產淨值狀況1,490,600,000港元（二零一七年：2,416,200,000港元）。

NET CURRENT LIABILITIES (Cont'd)

The ratio of margin loans against securities investments was loan-to-value ratio, which was 27.3% as at 31st December, 2018 (2017: 29.2%). In accordance with the terms and conditions of margin loans facility agreements of the Group with financial institutions, among others, as long as the securities investments maintained market value which is in excess of pre-defined loan-to-value ratios as set out by the financial institutions, the margin loans upon interest payment due date would be roll-overed month-for-month, and repayment of margin loans by the Group to financial institutions would not be required. As such, very often margin loans of the Group which were presented as current liabilities would not be current and would be repayable over one year. In the event that the Group intends to reduce or repay part of the margin loans, the Group might, among others, dispose of some of the securities investments to effect the payment.

Listed securities investments and treasury products of the Group were frequently traded in the market, and formed part of the Group's treasury management. They were presented as non-current assets and current assets according to their intended holding periods.

If the entire listed securities investments and treasury products of the Group as at 31st December, 2018 were presented as current assets, current assets would be increased by HK\$21,438.6 million (2017: HK\$25,090.1 million), and net current liabilities position of HK\$2,749.8 million (2017: HK\$2,804.8 million) would become net current assets position of HK\$18,688.8 million (2017: HK\$22,285.3 million).

The Group believes that the net current liabilities position as at 31st December, 2018 would not have adverse financial effect to the Group's liquidity or gearing position and the Group has ability to continue as a going concern.

流動負債淨值 (續)

貸款價值比率乃保證金貸款除以證券投資之比率，於二零一八年十二月三十一日為27.3%（二零一七年：29.2%）。根據本集團與金融機構之保證金貸款融資協議之條款及條件（其中包括），只要證券投資之市值維持超過金融機構規定之預先定義貸款價值比率，到期支付利息之保證金貸款將按月滾存，本集團無需向金融機構償還保證金貸款。因此，本集團慣常將保證金貸款呈列為流動負債，然而並非流動以及將於一年後償還。倘本集團有意減少或償還部分保證金貸款，則本集團可能（其中包括）出售部分證券投資以支付貸款。

本集團之上市證券投資及財資產品經常於市場買賣，及成為本集團資金管理之一部分。上市證券投資及財資產品乃按擬定持有期呈列為非流動資產及流動資產。

倘將本集團於二零一八年十二月三十一日之全部上市證券投資及財資產品呈列為流動資產，流動資產將會增加21,438,600,000港元（二零一七年：25,090,100,000港元），及流動負債淨值狀況2,749,800,000港元（二零一七年：2,804,800,000港元）將變為流動資產淨值狀況18,688,800,000港元（二零一七年：22,285,300,000港元）。

本集團相信，於二零一八年十二月三十一日之流動負債淨值狀況將不會對本集團之流動資金或負債狀況造成不利之財務影響，且本集團能夠繼續持續經營。

SECURITIES INVESTMENTS

The Group's strategy is to maintain securities investment portfolio for treasury management and invest in listed securities investments and treasury products with attractive yield and good prospect in order to bring stable and satisfactory return in long run. During the Year, the Group further diversified the bonds portfolio comprised of the bonds issued by overseas financial institutions and PRC-based real estate companies.

As at 31st December, 2018, the portfolio of listed securities investments and treasury products of HK\$26,852.5 million (2017: HK\$33,849.5 million) comprised (a) bonds (financial assets measured at FVTPL (non-current and current assets in aggregate)) of HK\$6,685.5 million (2017: HK\$10,738.8 million); and (b) listed equity investment (financial assets measured at FVTOCI) of HK\$20,167.0 million (2017: HK\$23,110.7 million), representing 55.1% (2017: 60.4%) of total assets.

The respective securities investments under different categories are elaborated below:

Listed Equity Investments at Fair Value Through Other Comprehensive Income

During the year ended 31st December, 2017, the Group had acquired 857,541,000 shares of China Evergrande at a total consideration (including transaction costs) of HK\$13,182.4 million, and the Evergrande Shares were recorded as financial assets measured at FVTOCI. During the Year, the Group had acquired 18,705,000 shares and disposed of 16,246,000 shares of China Evergrande. The Group held 860,000,000 shares of China Evergrande, representing approximately 6.6% of the total issued share capital of China Evergrande as at 31st December, 2018.

證券投資

本集團之策略是維持證券投資組合之財資管理以及投資具吸引收益率及良好前景之上市證券投資及財資產品，以確保長遠帶來穩定及滿意之回報。於本年度，本集團進一步使債券組合多元化，組合包括海外金融機構及中國房地產公司發行之債券。

於二零一八年十二月三十一日，上市證券投資及財資產品組合26,852,500,000港元（二零一七年：33,849,500,000港元）中包括(a)債券（通過損益以反映公平值計量之金融資產（合共於非流動及流動資產內））6,685,500,000港元（二零一七年：10,738,800,000港元）；及(b)上市股本投資（通過其他全面收益以反映公平值計量之金融資產）20,167,000,000港元（二零一七年：23,110,700,000港元），佔資產總額55.1%（二零一七年：60.4%）。

以下就不同類型之證券投資作出詳述：

通過其他全面收益以反映公平值之上市股本投資

於截至二零一七年十二月三十一日止年度，本集團以總代價13,182,400,000港元（包括交易成本）購買857,541,000股中國恆大股份，及將恆大股份列為通過其他全面收益以反映公平值計量之金融資產。於本年度，本集團購買18,705,000股及出售16,246,000股中國恆大股份，並持有860,000,000股中國恆大股份（相當於中國恆大於二零一八年十二月三十一日之全部已發行股本約6.6%）。

SECURITIES INVESTMENTS (Cont'd)

The respective securities investments under different categories are elaborated below: (Cont'd)

Listed Equity Investments at Fair Value Through Other Comprehensive Income (Cont'd)

After adding the unrealised fair value gain of HK\$9,928.3 million for 2017, the carrying amount of the Evergrande Shares as at 31st December, 2017 was HK\$23,110.7 million. During the Year, the Evergrande Shares portfolio was increased by a net purchase of HK\$71.8 million and after deducting the fair value loss of HK\$3,015.5 million for the Year, the carrying amount of the Evergrande Shares as at 31st December, 2018 was HK\$20,167.0 million, representing 41.4% (2017: 41.2%) of total assets. The cumulative unrealised gain on fair value change of the Evergrande Shares was reduced from HK\$9,928.3 million at the end of year 2017 to HK\$6,571.0 million as at 31st December, 2018 (after accounted for the transfer from the financial assets measured at FVTOCI reserve to retained profits of HK\$340.8 million during the Year), which was recorded in the financial assets measured at FVTOCI reserve. The unrealised fair value change is a non-cash item and will not affect the cash flow of the Group.

China Evergrande group is principally engaged in the property development, property investment, property management, property construction, hotel operations, finance business, internet business and health industry business in the PRC. According to the audited consolidated financial statements of China Evergrande for the years ended 31st December, 2017 and 2016, the revenue and profit attributable to shareholders were RMB311.0 billion (2016: RMB211.4 billion) and RMB24.4 billion (2016: RMB5.1 billion) respectively; while the total assets and total equity were RMB1,761.8 billion (2016: RMB1,350.9 billion) and RMB242.2 billion (2016: RMB192.5 billion) respectively, the net debt was RMB444.9 billion (2016: RMB230.7 billion). In accordance with the unaudited consolidated financial statements of China Evergrande for the six months ended 30th June, 2018, the revenue and profit attributable to shareholders were RMB300.3 billion and RMB30.8 billion respectively; while the total assets and total equity were RMB1,769.9 billion and RMB324.5 billion respectively, the net debt was RMB413.2 billion. Net debt is calculated as total borrowings less cash and cash equivalents and restricted cash.

證券投資 (續)

以下就不同類型之證券投資作出詳述：(續)

通過其他全面收益以反映公平值之上市股本投資 (續)

經計入於二零一七年未變現公平值收益9,928,300,000港元後，於二零一七年十二月三十一日恆大股份之賬面值為23,110,700,000港元。於本年度，該恆大股份組合已就購買淨額增加71,800,000港元及扣除本年度公平值虧損3,015,500,000港元後，於二零一八年十二月三十一日恆大股份之賬面值為20,167,000,000港元，佔資產總額41.4%（二零一七年：41.2%）。恆大股份之公平值變動之累計未變現收益由二零一七年年末之9,928,300,000港元下降至於二零一八年十二月三十一日之6,571,000,000港元（已計入於本年度由通過其他全面收益以反映公平值計量之金融資產之儲備至保留溢利之轉撥為340,800,000港元），並已錄入於通過其他全面收益以反映公平值計量之金融資產之儲備內。未變現公平值變動乃非現金項目，對本集團現金流量並無構成影響。

中國恆大集團主要於中國從事物業發展、物業投資、物業管理、物業興建、酒店營運、金融業務、互聯網業務及健康產業業務。根據中國恆大於截至二零一七年及二零一六年十二月三十一日止年度之經審核綜合財務報表，收入及股東應佔溢利分別為人民幣311,000,000,000（二零一六年：人民幣211,400,000,000）及人民幣24,400,000,000（二零一六年：人民幣5,100,000,000）；而資產總額及股本權益總額分別為人民幣1,761,800,000,000（二零一六年：人民幣1,350,900,000,000）及人民幣242,200,000,000（二零一六年：人民幣192,500,000,000），債務淨額為人民幣444,900,000,000（二零一六年：人民幣230,700,000,000）。根據中國恆大於截至二零一八年六月三十日止六個月之未經審核綜合財務報表，收入及股東應佔溢利分別為人民幣300,300,000,000及人民幣30,800,000,000；而資產總額及股本權益總額分別為人民幣1,769,900,000,000及人民幣324,500,000,000，債務淨額為人民幣413,200,000,000。債務淨額乃按借貸總額減現金及現金等值物以及受限制現金。

SECURITIES INVESTMENTS (Cont'd)

The respective securities investments under different categories are elaborated below: (Cont'd)

Listed Investments and Treasury Products at Fair Value Through Profit or Loss

As at 31st December, 2017, the carrying amounts of the bonds presented as financial assets measured at FVTPL was HK\$10,738.8 million. During the Year, the bonds portfolio was decreased by a net disposal of HK\$2,778.1 million. After deducting the fair value loss of HK\$1,275.2 million, the bonds portfolio of the Group became HK\$6,685.5 million as at 31st December, 2018, representing 13.7% (2017: 19.2%) of total assets, which formed part of the Group's cash management activities.

As at 31st December, 2018, the bonds portfolio comprised of bonds issued by overseas financial institutions of 53.7%, PRC-based real estate companies of 41.6% and other industries of 4.7%. They are denominated in different currencies with 96.7% in US\$ and 3.3% in Pound Sterling ("GBP"). The bonds denominated in US\$ carry at fixed rate range from 4.750% to 9.375% per annum of which notional amount of US\$911.4 million are callable, the bonds denominated in GBP carry at fixed rate range from 5.875% to 7.250% per annum are callable. As at 31st December, 2018, the bonds portfolio comprised of 25 bonds (2017: 39 bonds); in terms of credit rating, investment grade, non-investment grade and unrated were 5 bonds, 16 bonds and 4 bonds (2017: 10 bonds, 22 bonds and 7 bonds) respectively. In terms of maturity, 14 bonds (2017: 27 bonds) were contingent convertible bonds issued by overseas financial institutions of which 14 bonds (2017: 25 bonds) were perpetual and no fixed tenor bond (2017: 2 bonds would be matured in 2023). 11 bonds (2017: 12 bonds) were issued by issuers other than overseas financial institutions of which 3 bonds (2017: 4 bonds) were perpetual and the remaining 8 bonds (2017: 8 bonds) will be matured between 2021 to 2046 (2017: between 2018 to 2046).

證券投資 (續)

以下就不同類型之證券投資作出詳述：(續)

通過損益以反映公平值之上市投資及財資產品

於二零一七年十二月三十一日，呈列於通過損益以反映公平值計量之金融資產之債券賬面值為10,738,800,000港元。於本年度，該債券組合已就出售淨額減少2,778,100,000港元。經扣除公平值虧損1,275,200,000港元後，本集團於二零一八年十二月三十一日之債券組合為6,685,500,000港元，佔資產總額13.7%（二零一七年：19.2%），該組合為本集團資金管理活動之一部分。

於二零一八年十二月三十一日，該債券組合包括53.7%由海外金融機構發行、41.6%由中國房地產公司發行及4.7%由其他行業之公司發行之債券。該等債券以美元(96.7%)及英鎊(「英鎊」)(3.3%)之不同貨幣計值。以美元計值之債券固定年利率為4.750厘至9.375厘，其中名義金額為911,400,000美元之債券為可贖回。以英鎊計值之債券固定年利率為5.875厘至7.250厘，均為可贖回。於二零一八年十二月三十一日，該債券組合包括25隻(二零一七年：39隻)債券，以信貸評級分類，5隻、16隻及4隻(二零一七年：10隻、22隻及7隻)債券分別為投資評級、非投資評級及未獲評級。以到期日分類，14隻(二零一七年：27隻)由海外金融機構發行之或然可換股債券中，其中14隻(二零一七年：25隻)債券為永續債券及並無固定期限債券(二零一七年：2隻將於二零二三年到期)。11隻(二零一七年：12隻)由海外金融機構以外之發行人發行之債券中，其中3隻(二零一七年：4隻)債券為永續債券，其餘8隻(二零一七年：8隻)債券將於二零二一年至二零四六年(二零一七年：將於二零一八年至二零四六年)到期。

SECURITIES INVESTMENTS (Cont'd)

The respective securities investments under different categories are elaborated below: (Cont'd)

Listed Investments and Treasury Products at Fair Value Through Profit or Loss (Cont'd)

Details and movement of the bonds portfolio at the end of the reporting period are set out below:

證券投資 (續)

以下就不同類型之證券投資作出詳述：(續)

通過損益以反映公平值之上市投資及財資產品 (續)

於報告期末債券組合之詳情及變動載列如下：

Movement of bonds portfolio	債券組合之變動	Overseas financial institutions 海外金融機構 HK\$'million 百萬港元	Insurance 保險 HK\$'million 百萬港元	PRC-based real estate 中國房地產 HK\$'million 百萬港元	Others 其他 HK\$'million 百萬港元	Total 總額 HK\$'million 百萬港元
At 31st December, 2017	於二零一七年十二月三十一日	6,726.9	301.6	3,244.9	465.4	10,738.8
Purchases	購入	1,318.8	-	1,238.6	45.5	2,602.9
Disposals	出售	(3,944.8)	(299.6)	(995.8)	(140.8)	(5,381.0)
Fair value changes	公平值變動	(512.6)	(2.0)	(706.8)	(53.8)	(1,275.2)
Carrying amounts At 31st December, 2018	賬面值 於二零一八年十二月三十一日	3,588.3	-	2,780.9	316.3	6,685.5
Percentage to total assets At 31st December, 2018	佔資產總額之百分比 於二零一八年十二月三十一日	7.4%	-	5.7%	0.6%	13.7%
At 31st December, 2017	於二零一七年十二月三十一日	12.0%	0.6%	5.8%	0.8%	19.2%

Bond issuers by industry	按債券發行人之行業	Carrying amounts 賬面值			
		2018 HK\$'million 百萬港元	Percentage to total 佔總額之百分比	2017 HK\$'million 百萬港元	Percentage to total 佔總額之百分比
Overseas financial institutions	海外金融機構	3,588.3	53.7%	6,726.9	62.7%
Insurance	保險	-	-	301.6	2.8%
PRC-based real estate	中國房地產	2,780.9	41.6%	3,244.9	30.2%
Others	其他	316.3	4.7%	465.4	4.3%
		6,685.5	100.0%	10,738.8	100.0%

Bonds by currency	按債券之貨幣	Carrying amounts 賬面值					
		2018			2017		
Coupon rate (per annum)		HK\$'million	Percentage to total 佔總額之百分比	Coupon rate (per annum)	HK\$'million	Percentage to total 佔總額之百分比	
票息年利率		百萬港元		票息年利率	百萬港元		
US\$	美元	4.750% to 9.375%	6,466.6	96.7%	4.750% to 13.250%	10,260.2	95.5%
GBP	英鎊	5.875% to 7.250%	218.9	3.3%	5.875% to 7.250%	455.9	4.3%
Euro	歐元	N/A 不適用	-	-	12.500%	22.7	0.2%
		6,685.5	100.0%		10,738.8	100.0%	

SECURITIES INVESTMENTS (Cont'd)

Unlisted Securities Investments

The Group invested in an exempted limited partnership formed under the Exempted Limited Partnership Law (Revised) of the Cayman Islands and the carrying amount was HK\$578.2 million as at 31st December, 2017. During the Year, the Group has contributed US\$2.7 million (equivalent to approximately HK\$21.0 million) and received distribution of US\$2.7 million (equivalent to approximately HK\$21.0 million) (which was included in financial assets measured at FVTOCI), after deducting the fair value loss for the Year of HK\$170.1 million (which was recognised in financial assets measured at FVTOCI reserve), the carrying amount was HK\$408.1 million as at 31st December, 2018, representing 0.8% (2017: 1.0%) of total assets.

RISK MANAGEMENT

The Group has established adequate risk management procedures that enable it to identify, measure, monitor and control various types of risk it faces. This is supplemented by active management involvement, effective internal controls and adequate internal audit in the best interests of the Group.

EQUITY

The number of issued ordinary shares as at 31st December, 2018 and 2017 were 1,907,619,079.

DEBT AND GEARING

As at 31st December, 2018, the Group's bank and other borrowings amounted to HK\$13,747.7 million (2017: HK\$18,308.5 million (including loan from a director)). Cash and deposits at banks amounted to HK\$714.6 million (2017: HK\$659.4 million), pledged deposits amounted to HK\$237.4 million (2017: HK\$263.5 million) and net borrowings amounted to HK\$12,795.7 million (2017: HK\$17,385.6 million).

Total debt to equity ratio was 40.3% (2017: 50.2%) and net debt to equity ratio was 37.5% (2017: 47.6%), which are expressed as a percentage of total borrowings, and net borrowings, respectively, over the total equity of HK\$34,143.6 million (2017: HK\$36,493.0 million). The decrease in both ratios was mainly due to decrease in total debt and net debt.

證券投資 (續)

非上市證券投資

本集團已投資於一間按開曼群島獲豁免有限合夥企業法(經修訂)成立之獲豁免有限合夥企業及於二零一七年十二月三十一日其賬面值為578,200,000港元。於本年度,本集團已注資2,700,000美元(相當於約21,000,000港元)及已收分派2,700,000美元(相當於約21,000,000港元)(計入通過其他全面收益以反映公平值計量之金融資產),經扣除本年度公平值虧損170,100,000港元(於通過其他全面收益以反映公平值計量之金融資產之儲備內確認)後,於二零一八年十二月三十一日之賬面值為408,100,000港元,佔資產總額0.8%(二零一七年:1.0%)。

風險管理

本集團設有一套完善的風險管理程序,以識別、衡量、監察及控制其面對的各種風險,同時輔以積極管理、有效的內部監控及足夠的內部審核,以保障本集團的最佳利益。

股本

於二零一八年及二零一七年十二月三十一日的已發行普通股數目為1,907,619,079股。

債務及資本與負債比率

於二零一八年十二月三十一日,本集團之銀行及其他借貸為13,747,700,000港元(二零一七年:18,308,500,000港元(包括董事貸款))。現金及銀行存款為714,600,000港元(二零一七年:659,400,000港元),抵押存款為237,400,000港元(二零一七年:263,500,000港元),而借貸淨額為12,795,700,000港元(二零一七年:17,385,600,000港元)。

債務總額與股本權益比率為40.3%(二零一七年:50.2%),而債務淨額與股本權益比率為37.5%(二零一七年:47.6%),乃分別將借貸總額及借貸淨額除以股本權益總額34,143,600,000港元(二零一七年:36,493,000,000港元)得出之百分比。兩個比率減少主要由於債務總額及債務淨額減少所致。

DEBT AND GEARING (Cont'd)

If the listed securities investments and treasury products of HK\$26,852.5 million (2017: HK\$33,849.5 million) are included, there would be a net cash position of HK\$14,056.8 million (2017: HK\$16,463.9 million).

As at 31st December, 2018, the Group's bank and other borrowings of HK\$13,747.7 million, 67.6%, 1.0% and 31.4% were repayable within 1 year, 1 to 2 years and 2 to 5 years respectively. Of which the Group's bank and other borrowings were denominated in HK\$ (54.5%), GBP (30.1%) and US\$ (15.4%) before entering the cross currency swap. HK\$, GBP and US\$ securities investments were hedged by HK\$, GBP and US\$ borrowings. During the Year, the Group has entered into short term US\$/HK\$ cross currency swap to enhance interest payable on borrowing, and as at 31st December, 2018, notional amount of approximately US\$158.4 million was outstanding. The Group's bank borrowings were carried at interest rates calculated with reference to cost of funds, Hong Kong Interbank Offered Rate ("HIBOR") or London Interbank Offered Rate; other borrowings were carried at interest rates calculated with reference to cost of funds or HIBOR. As at 31st December, 2018, all the Group's borrowings were on floating rate basis. Except as disclosed, no hedging for interest rate is subsisted at the end of the reporting period.

PLEDGE OF ASSETS

As at 31st December, 2018, the Group had pledged the following assets with their respective carrying amounts:

- (a) The Group's investment properties of HK\$12,770.6 million (2017: HK\$14,234.3 million) and bank deposits of HK\$208.6 million (2017: HK\$209.7 million) were pledged to the banks to secure general banking and loan facilities granted to the Group.
- (b) The Group's bonds and listed equity investment with carrying amounts of HK\$25,445.5 million (2017: HK\$33,176.6 million) and cash deposits of HK\$28.8 million (2017: HK\$53.8 million) were pledged to the financial institutions to secure margin and securities facilities granted to the Group in respect of securities transactions, of which HK\$7,330.5 million (2017: HK\$9,873.7 million) was utilised as at 31st December, 2018 as borrowings due within one year.

債務及資本與負債比率 (續)

如計入上市證券投資及財資產品26,852,500,000港元(二零一七年: 33,849,500,000港元), 則狀況將會為現金淨額14,056,800,000港元(二零一七年: 16,463,900,000港元)。

於二零一八年十二月三十一日, 本集團之銀行及其他借貸13,747,700,000港元中, 67.6%、1.0%及31.4%須分別於一年內、一年至兩年內及兩年至五年內償還。於本集團之銀行及其他借貸中, 以港元(54.5%)、英鎊(30.1%)及美元(15.4%) (進行貨幣掉期前)計值。港元、英鎊及美元之證券投資以港元、英鎊及美元借貸對沖。於本年度, 本集團訂立短期美元/港元貨幣掉期以改善借貸之應付利息, 以及於二零一八年十二月三十一日未償還之名義金額約158,400,000美元。本集團之銀行借貸參照資金成本、香港銀行同業拆息(「香港銀行同業拆息」)或倫敦銀行同業拆息計算利率; 而其他借貸參照資金成本或香港銀行同業拆息計算利率。於二零一八年十二月三十一日, 本集團所有借貸均為浮息借貸。除所披露者外, 於報告期末並無就利率作出對沖。

資產抵押

於二零一八年十二月三十一日, 本集團已抵押以下資產連同其相關之賬面值:

- (a) 就本集團獲授之一般銀行及貸款融資, 本集團之投資物業12,770,600,000港元(二零一七年: 14,234,300,000港元)及銀行存款208,600,000港元(二零一七年: 209,700,000港元)已抵押予銀行。
- (b) 就本集團有關證券交易獲授之保證金及證券融資, 本集團之債券及上市股本投資之賬面值25,445,500,000港元(二零一七年: 33,176,600,000港元)及現金存款28,800,000港元(二零一七年: 53,800,000港元)已抵押予金融機構。而本集團於二零一八年十二月三十一日已動用融資並於一年內到期之借貸為7,330,500,000港元(二零一七年: 9,873,700,000港元)。

PLEDGE OF ASSETS (Cont'd)

As at 31st December, 2018, the Group had pledged the following assets with their respective carrying amounts: (Cont'd)

- (c) Interests in certain subsidiaries of the Company have been pledged as part of the security to secure certain bank borrowings granted to the Group.

FINANCIAL AND INTEREST INCOME/ EXPENSES

Interest income was included in revenue, investment income and other income. Interest income for the Year was HK\$673.3 million, representing a decrease of 60.2% over last year of HK\$1,691.7 million, mainly due to no imputed interest income from deferred consideration receivable was recognised during the Year (2017: HK\$772.6 million).

Finance costs included interest expenses on bank and other borrowings; exchange difference on translation of foreign currency borrowings; and arrangement fee and facility and commitment fee expenses. Interest expenses for the Year amounted to HK\$342.4 million, representing an increase of 45.9% over last year of HK\$234.6 million. No interest was capitalised for the Year (2017: HK\$0.1 million). The increase in interest expenses was mainly due to the increase in interest rates during the Year. The average interest rate over the year under review was 2.28% (2017: 1.55%), which was expressed as a percentage of total interest paid over the average total interest-bearing borrowings.

REMUNERATION POLICIES, SHARE OPTION SCHEME AND SHARE AWARD SCHEME

As at 31st December, 2018, the Group employed a total of 476 staff (2017: 528 staff) including about 237 staff (2017: 254 staff) employed under the estate management company in Hong Kong.

Employees were remunerated on the basis of their performance, experience and prevailing industry practice. Remuneration packages comprised salary and year-end discretionary bonus based on market conditions and individual performance. The executive Directors continued to review employees' contributions and to provide them with necessary incentives and flexibility for their better commitment and performance. No share option scheme was adopted during the Year.

資產抵押 (續)

於二零一八年十二月三十一日，本集團已抵押以下資產連同其相關之賬面值：(續)

- (c) 本公司若干附屬公司之權益已質押為本集團獲授若干銀行借貸之部分抵押品。

財務及利息收入／開支

收入、投資收入及其他收入均包括利息收入。本年度之利息收入為673,300,000港元，較去年之1,691,700,000港元減少60.2%，主要由於本年度並無確認應收遞延代價所產生之名義利息收入（二零一七年：772,600,000港元）。

財務費用包括銀行借貸及其他借貸之利息開支；外幣借貸所產生之匯兌差額；以及安排費用與信貸及承擔費用開支。本年度之利息開支為342,400,000港元，較去年之234,600,000港元增加45.9%。本年度並無資本化利息（二零一七年：100,000港元）。利息開支增加主要由於於本年度利率上升所致。於回顧年內之平均利率為2.28厘（二零一七年：1.55厘），乃以利息支付總額除以平均計息借貸總額得出之百分比。

酬金政策、購股權計劃及股份獎勵計劃

於二零一八年十二月三十一日，本集團於香港共有僱員476人（二零一七年：528人）包括受僱於物業管理公司之員工約237人（二零一七年：254人）。

僱員薪金乃根據其表現、經驗及目前業內慣例釐定。酬金包括薪金以及按市況及個人表現釐定之年終酌情花紅。執行董事持續檢討僱員之貢獻及向彼等提供所需之獎勵及彈性，使其更投入工作及有更佳表現。本年度並無採納購股權計劃。

REMUNERATION POLICIES, SHARE OPTION SCHEME AND SHARE AWARD SCHEME (Cont'd)

The Company had adopted a share award scheme ("Share Award Scheme") in 2009. The Share Award Scheme is to recognise and reward certain employees for their contributions to the Group and to give long-term incentives for retaining them for the continued operations and development of the Group. Details of the Share Award Scheme were set out in the Company's circular dated 23rd December, 2008, and also disclosed in the paragraph headed "Share Award Scheme" in the section headed "Directors' Report" of this annual report. No share was granted under the Share Award Scheme during the Year.

UNITED KINGDOM AND MAINLAND CHINA

As at 31st December, 2018, the Group's investment properties in the United Kingdom with carrying amount of GBP855.4 million (equivalent to approximately HK\$8,501.5 million) (2017: GBP878.3 million (equivalent to approximately HK\$9,231.2 million)) incurred a net loss of HK\$21.4 million (2017: net profit of HK\$291.5 million) to the Group for the Year, the loss (2017: profit) mainly included in gross profit, fair value changes on investment properties, finance costs and taxation. GBP exchange loss of foreign operations included in other comprehensive expenses for the Year amounted to HK\$259.5 million (2017: exchange gain of HK\$385.6 million included in other comprehensive income). As at 31st December, 2018, the Group's net investment in the United Kingdom amounted to HK\$4,826.2 million (2017: HK\$5,095.2 million) representing 14.1% (2017: 14.0%) of the Group's total equity.

Profit contribution from the Group's investment in Mainland China (mainly included in other income, fair value changes on investment properties and share of results of associates) for the Year amounted to HK\$69.0 million (2017: HK\$68.6 million mainly included in gross profit, fair value changes on investment properties, gain on disposal of subsidiaries, share of results of associates and taxation). RMB exchange loss of foreign operations included in other comprehensive expenses (including share of an associate) for the Year amounted to HK\$25.4 million (2017: exchange gain of HK\$34.0 million included in other comprehensive income). The Group's net investment in Mainland China as at 31st December, 2018 amounted to HK\$574.1 million (2017: HK\$533.3 million) representing 1.7% (2017: 1.5%) of the Group's total equity.

酬金政策、購股權計劃及股份獎勵計劃 (續)

本公司於二零零九年採納股份獎勵計劃（「股份獎勵計劃」）。該股份獎勵計劃旨在向為本集團作出貢獻之若干僱員給予肯定及回報，並作為吸引其留效本集團，繼續為本集團之持續營運及發展而努力之長期獎勵。有關股份獎勵計劃之詳情已刊載於本公司日期為二零零八年十二月二十三日之通函，亦於本年報「董事會報告書」一節中「股份獎勵計劃」一段內披露。本年度並無就該股份獎勵計劃授出任何股份。

英國及中國大陸

本集團位於英國之投資物業於二零一八年十二月三十一日之賬面值為855,400,000英鎊（相當於約8,501,500,000港元）（二零一七年：878,300,000英鎊（相當於約9,231,200,000港元））並為本集團於本年度帶來虧損淨額21,400,000港元（二零一七年：溢利淨額291,500,000港元），而該虧損（二零一七年：溢利）主要包括毛利、投資物業之公平值變動、財務費用及稅項。已計入本年度之其他全面支出之境外業務之英鎊匯兌虧損為259,500,000港元（二零一七年：已計入其他全面收益之匯兌收益為385,600,000港元）。於二零一八年十二月三十一日，本集團於英國之投資淨額為4,826,200,000港元（二零一七年：5,095,200,000港元），佔本集團股本權益總額14.1%（二零一七年：14.0%）。

本集團於中國大陸之投資為本年度帶來溢利69,000,000港元（主要包括其他收入、投資物業之公平值變動及攤佔聯營公司業績）（二零一七年：68,600,000港元（主要包括毛利、投資物業之公平值變動、出售附屬公司之收益、攤佔聯營公司業績及稅項））。已計入本年度之其他全面支出（包括攤佔一間聯營公司）之境外業務之人民幣匯兌虧損為25,400,000港元（二零一七年：已計入其他全面收益之匯兌收益為34,000,000港元）。於二零一八年十二月三十一日，本集團於中國大陸之投資淨額為574,100,000港元（二零一七年：533,300,000港元），佔本集團股本權益總額1.7%（二零一七年：1.5%）。

PROPERTY VALUATION

Property valuations in respect of the Group's investment properties in Hong Kong and Mainland China as at 31st December, 2018 and 2017 were carried out by B.I. Appraisals, independent qualified professional valuer. For the investment properties in the United Kingdom, the property valuations as at 31st December, 2018 and 2017 were carried out by Peak Vision Appraisals, another independent qualified professional valuer. Their valuations were based on investment method and/or direct comparison method as the valuation methodologies and were used in preparing 2018 final results.

The Group's investment properties were valued at HK\$15,280.8 million (2017: HK\$15,650.0 million), a 0.8% increase over 2017 after adjusted for the exchange adjustments of investment properties during the Year. The increase in fair value of HK\$122.3 million was recognised in the consolidated statement of comprehensive income for the Year. The Group also shared an increase in fair value of investment properties of associates and a joint venture of HK\$173.8 million in total for the Year.

The increase in fair value of HK\$122.3 million was mainly derived from increase in fair value of Harcourt House while decrease in fair value of 14 St George Street located in London, the United Kingdom. The fair value change is a non-cash item and will not affect the cash flow of the Group.

物業估值

本集團位於香港及中國大陸之投資物業由獨立合資格專業估值師保柏國際評估進行於二零一八年及二零一七年十二月三十一日之物業估值。至於位於英國之投資物業，由另一獨立合資格專業估值師瀑鋒評估進行於二零一八年及二零一七年十二月三十一日之物業估值。所有評估皆採納投資法及／或直接比較法作為估值方法，並已用於編製二零一八年全年業績。

本集團投資物業之估值為15,280,800,000港元（二零一七年：15,650,000,000港元），經作出調整本年度投資物業之匯兌調整後，較二零一七年增加0.8%。本年度之公平值增加122,300,000港元已計入綜合全面收益報表內。本集團亦於本年度攤佔聯營公司及一間合資公司之投資物業之公平值增加合共173,800,000港元。

公平值增加122,300,000港元乃主要來自夏慤大廈之公平值增加，以及位於英國倫敦之St George Street 14號之公平值減少所致。公平值變動乃非現金項目，對本集團現金流量並無構成影響。