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CHINESE ESTATES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 127)

FINAL RESULTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2015

The board of directors (the “Board”) of Chinese Estates Holdings Limited (the “Company”) would like to announce the audited consolidated results of the Company and its subsidiaries (together, the “Group”) for the financial year ended 31st December, 2015 (the “Year”) pursuant to paragraph 45 of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”). The Group’s consolidated statement of comprehensive income and consolidated statement of financial position, all of which have been reviewed by the Audit Committee, together with the comparative figures of the corresponding year ended 31st December, 2014 are set out as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December, 2015

	<i>Notes</i>	2015 HK\$’000	2014 HK\$’000
Revenue	3	1,542,397	2,627,288
Cost of sales		(255,521)	(422,694)
Gross profit		1,286,876	2,204,594
Other income	5	134,909	95,220
Investment income, net	6	1,140,016	658,156
Administrative expenses		(344,790)	(296,296)
Costs of development recognised in respect of property project in Macau		-	(6,503)
Other expenses	7	(317)	(122,120)
(Loss) gain on disposals of equipment, net		(1,255)	638
Gain (loss) on disposals of investment properties		17,679	(6,750)
Fair value changes on investment properties		4,689,224	3,777,138
Finance costs	9	(316,865)	(395,018)
Other gains and losses, net	10	940,944	2,912,368
Share of results of associates	11	649,705	187,331
Profit before tax		8,196,126	9,008,758
Income tax expense	12	(476,395)	(255,859)
Profit for the year	8	7,719,731	8,752,899

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(continued)*
For the year ended 31st December, 2015

	<i>Notes</i>	2015 HK\$'000	2014 HK\$'000
Other comprehensive expenses			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Fair value changes on available-for-sale investments		(24,971)	21,802
Exchange differences on translation of foreign operations		(118,888)	(265,250)
Reclassification adjustment related to foreign operations disposed of during the year		(882,250)	-
Share of other comprehensive expenses of associates		(75,484)	(16,873)
Reclassification adjustment related to disposal of associates		(105,054)	-
Other comprehensive expenses for the year (net of tax)		<u>(1,206,647)</u>	<u>(260,321)</u>
Total comprehensive income for the year		<u>6,513,084</u>	<u>8,492,578</u>
Profit for the year attributable to:			
Owners of the Company		7,727,208	8,744,927
Non-controlling interests		<u>(7,477)</u>	<u>7,972</u>
		<u>7,719,731</u>	<u>8,752,899</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		6,520,561	8,484,606
Non-controlling interests		<u>(7,477)</u>	<u>7,972</u>
		<u>6,513,084</u>	<u>8,492,578</u>
Earnings per share (HK\$)			
Basic and diluted	14	<u>4.051</u>	<u>4.584</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31st December, 2015

	<i>Notes</i>	2015 HK\$'000	2014 HK\$'000
Non-current assets			
Investment properties		21,941,263	39,528,923
Property, plant and equipment		50,540	1,768,327
Intangible assets		-	-
Goodwill		322,938	322,938
Interests in associates		3,770,476	2,484,767
Advances to associates		55,482	1,754,641
Available-for-sale investments		743,649	239,233
Financial assets designated as at fair value through profit or loss		798,489	379,010
Advance to an investee company		413,579	228,800
Advance to a non-controlling shareholder		14,908	14,908
Other receivables	15	3,998,358	-
Deferred tax assets		4,280	11,237
Pledged deposits		24,557	438,994
		<u>32,138,519</u>	<u>47,171,778</u>
Current assets			
Stock of properties		2,595,987	2,329,865
Available-for-sale investment		67,625	-
Investments held-for-trading		364,244	501,944
Financial assets designated as at fair value through profit or loss		10,270,781	4,247,830
Loans receivable		-	26
Inventories		2,533	3,493
Debtors, deposits, other receivables and prepayments	15	3,366,415	644,964
Securities trading receivables and deposits		86,175	60,384
Tax recoverable		3,955	6,511
Pledged deposits		178,193	429,689
Time deposits, bank balances and cash		2,849,807	4,719,223
Sales proceeds held by stakeholders		1,891,712	1,867,162
		<u>21,677,427</u>	<u>14,811,091</u>
Assets classified as held for sale	17	9,239,271	9,442,062
		<u>30,916,698</u>	<u>24,253,153</u>
Current liabilities			
Creditors and accruals	16	1,081,746	1,503,076
Dividend payable		-	7,630,476
Securities trading and margin payable		11,181	45,478
Deposits and receipts in advance		2,106,924	934,726
Tax liabilities		239,906	77,813
Borrowings		8,651,773	6,707,935
Provisions		1,249	27,561
Financial guarantee liabilities		-	102
		<u>12,092,779</u>	<u>16,927,167</u>
Liabilities directly associated with assets classified as held for sale	17	1,857,996	1,759,937
		<u>13,950,775</u>	<u>18,687,104</u>
Net current assets		<u>16,965,923</u>	<u>5,566,049</u>
Total assets less current liabilities		<u>49,104,442</u>	<u>52,737,827</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
At 31st December, 2015

	2015 HK\$'000	2014 HK\$'000
Equity attributable to owners of the Company		
Share capital	190,762	190,762
Properties revaluation reserve	98,162	225,216
Securities investments reserve	16,044	41,022
Statutory reserve	24,028	53,650
Other reserve	(2,407)	(2,435)
Special reserve	2,499,685	2,499,685
Capital redemption reserve	138,062	138,062
Translation reserve	(155,193)	1,026,504
Amounts recognised in other comprehensive income and accumulated in equity relating to non-current assets held for sale	127,054	-
Retained profits		
- proposed final dividend	19,076	19,076
- others	37,292,327	37,375,812
	<u>40,247,600</u>	<u>41,567,354</u>
Non-controlling interests	<u>77,762</u>	<u>85,239</u>
Total equity	<u>40,325,362</u>	<u>41,652,593</u>
Non-current liabilities		
Borrowings	5,880,000	9,840,993
Provisions	-	1,257
Amounts due to associates	1,789,647	58,419
Amounts due to investee companies	27,085	27,085
Amounts due to non-controlling shareholders	523,768	489,639
Deferred tax liabilities	558,580	667,841
	<u>8,779,080</u>	<u>11,085,234</u>
	<u>49,104,442</u>	<u>52,737,827</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2015

1. Basis of Preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong. In addition, these consolidated financial statements include applicable disclosures required by the Listing Rules and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

These consolidated financial statements have been prepared under the historical cost basis, except for certain properties and financial instruments, which are measured at their fair values.

2. Application of New and Revised HKFRSs and Disclosures

The accounting policies adopted in these consolidated financial statements for the Year are consistent with those followed in the preparation of the Group’s consolidated financial statements for the year ended 31st December, 2014 except as described below.

In the current year, the Group has applied, for the first time, the following amendments to existing HKFRSs (“Amendments”) issued by the HKICPA, which are effective for current financial year of the Group. The Amendments adopted by the Group in these consolidated financial statements are set out below:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle
HKAS 19 (2011) (Amendments)	Defined Benefits Plans: Employee Contributions

The application of the Amendments had no material effect on how the results and financial position for the current or prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

In addition, the Group has adopted the amendments to the Listing Rules relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance during the Year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

The Group has not early adopted the following new HKFRSs and amendments to existing HKFRSs (“new and revised HKFRSs”) that have been issued but are not yet effective.

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle ¹
HKFRS 9	Financial Instruments ³
HKFRS 10 and HKAS 28 (2011) (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
HKFRS 10, HKFRS 12 and HKAS 28 (2011) (Amendments)	Investment Entities: Applying the Consolidation Exception ¹
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations ¹
HKFRS 14	Regulatory Deferral Accounts ²
HKFRS 15	Revenue from Contracts with Customers ³
HKAS 1 (Amendments)	Disclosure Initiative ¹
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants ¹
HKAS 27 (2011) (Amendments)	Equity Method in Separate Financial Statements ¹

¹ Effective for annual periods beginning on or after 1st January, 2016

² Effective for first annual HKFRS financial statements beginning on or after 1st January, 2016

³ Effective for annual periods beginning on or after 1st January, 2018

⁴ Effective for annual periods beginning on or after a date to be determined

2. Application of New and Revised HKFRSs and Disclosures (*continued*)

HKFRS 9 Financial Instruments

HKFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. The final version of HKFRS 9 was issued in September 2014. It replaces the guidance in HKAS 39 “Financial Instruments: Recognition and Measurement” that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial assets. Investments in equity instruments (that are not held for trading) are measured at fair values with an irrevocable election at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the “hedged ratio” to be the same as the one management actually uses for risk management purposes.

Amendments to HKFRS 10 and HKAS 28 (2011) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor’s profit or loss only to the extent of the unrelated investor’s interest in that associate or joint venture.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1st January, 2018.

Amendments to HKAS 1 Disclosure Initiative

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in the financial statements. The amendments clarify:

- the materiality requirements in HKAS 1;
- that specific line items in the statement of comprehensive income and the statement of financial position may be disaggregated;
- that entities have flexibility as to the order in which they present the notes to financial statements; and
- that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of comprehensive income.

The directors of the Company (“Directors”) are in the process of assessing the potential impact of the new and revised HKFRSs but are not yet in a position to determine whether the new and revised HKFRSs will have a significant impact on how the Group’s results of operations and financial position are prepared and presented. The new and revised HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

3. Revenue

Revenue represents the aggregate amounts received and receivable from property rental income, sales of properties held for sale, gain/loss on sales of investments held-for-trading, hotel operation income, commission from brokerage, settlement charges from brokerage, cosmetic goods sold less returns and interest income from loan financing, analysed as follows:

	2015 HK\$'000	2014 HK\$'000
Property rental income	1,325,875	1,939,378
Sales of properties held for sale	151,616	617,086
(Loss) gain on sales of investments held-for-trading	(2,415)	29,074
Hotel operation income	49,125	25,356
Brokerage and cosmetic income	18,196	16,389
Interest income from loan financing	-	5
	<u>1,542,397</u>	<u>2,627,288</u>

4. Operating Segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions.

The Group has six reportable segments – (i) property development and trading; (ii) property leasing for retail; (iii) property leasing for non-retail; (iv) listed available-for-sale equity investments; (v) listed investments held-for-trading and treasury products; and (vi) unlisted investments, investment holding and brokerage. The segmentations are based on the information about the operation of the Group that management of the Group uses to make decisions.

Principal activities are as follows:

Property development and trading	–	Property development and sales of trading properties
Property leasing		
- Retail	–	Property leasing from retail properties
- Non-retail	–	Property leasing from non-retail properties
Listed available-for-sale equity investments	–	Listed equity securities in available-for-sale investments
Listed investments held-for-trading and treasury products	–	Listed securities investments in investments held-for-trading, over-the-counter trading and structured products
Unlisted investments, investment holding and brokerage	–	Unlisted securities investments, trading and brokerage

The Group evaluates performance on the basis of profit or loss from operations after tax expense and non-controlling interests but not including the major non-cash items. The major non-cash items are unrealised fair value changes on investment properties and other properties together with their, if applicable, respective deferred tax. No intersegment revenue is accounted for as the intersegment revenue is mainly the rental income for administrative purpose.

The Group's measurement methods used to determine reported segment profit or loss remain unchanged from 2014.

The Group's reportable segments are strategic business units that operate different activities. They are managed separately because each business unit has different markets and requires different marketing strategies.

Further, the business units are also managed to operate in different countries separately. Revenue and result are attributed to countries on the basis of the property or asset location.

There was a major customer (2014: nil) who individually accounted for over 10% of the Group's revenue. Revenue of approximately HK\$182,977,000 was derived from non-retail property leasing segment from a single customer outside Hong Kong.

4. Operating Segments (continued)

Operating segment information is presented below:

Consolidated Statement of Comprehensive Income For the year ended 31st December, 2015

	Property development and trading HK\$'000	Property leasing		Listed available-for-sale equity investments HK\$'000	Listed investments held-for-trading and treasury products HK\$'000	Unlisted investments, investment holding and brokerage HK\$'000	All other segments HK\$'000	Consolidated HK\$'000
		Retail HK\$'000	Non-retail HK\$'000					
Major cash items excluding in revenue								
- Hong Kong	-	-	-	-	861,625	-	-	861,625
- Other countries	-	-	-	-	4,431,956	-	-	4,431,956
	-	-	-	-	5,293,581	-	-	5,293,581
Revenue								
Revenue from external customers								
- Hong Kong	50,809	586,748	447,030	-	(2,415)	8,116	10,080	1,100,368
- Mainland China	100,807	59,426	44,527	-	-	-	49,125	253,885
- United Kingdom	-	5,167	182,977	-	-	-	-	188,144
	151,616	651,341	674,534	-	(2,415)	8,116	59,205	1,542,397
Revenue from external customers after non-controlling interests								
	138,914	650,156	674,098	-	(2,415)	8,116	59,205	1,528,074
Attributable property sales from associates								
- Hong Kong	6,566	-	-	-	-	-	-	6,566
- Mainland China	102,705	-	-	-	-	-	-	102,705
Attributable rental revenue from associates/investee company								
- Hong Kong	-	19,865	38,068	-	-	-	-	57,933
- Mainland China	-	70,970	67,070	-	-	-	-	138,040
	248,185	740,991	779,236	-	(2,415)	8,116	59,205	1,833,318
Result								
Segment result								
- Hong Kong	32,795	547,237	429,450	-	369,579	255,685	21,159	1,655,905
- Mainland China	32,191	51,620	20,656	-	-	21,842	(15,219)	111,090
- United Kingdom	-	5,033	178,232	-	-	53	-	183,318
- Other countries	-	-	-	-	498,789	(3,899)	-	494,890
	64,986	603,890	628,338	-	868,368	273,681	5,940	2,445,203
Share of results of associates								
- Attributable property sales, net								
- Hong Kong	4,135	-	-	-	-	-	-	4,135
- Mainland China	5,106	-	-	-	-	-	-	5,106
- Attributable gross income								
- Hong Kong	-	18,768	36,862	-	-	-	2,181	57,811
- Mainland China	-	70,970	67,070	-	-	-	-	138,040
- Attributable operating cost								
- Hong Kong	-	(1,145)	(6,032)	-	-	-	-	(7,177)
- Mainland China	-	(30,155)	(12,203)	-	-	-	-	(42,358)
Non-controlling interests	(8,199)	(1,065)	(392)	-	-	-	-	(9,656)
	66,028	661,263	713,643	-	868,368	273,681	8,121	2,591,104
Other income and expenses, net	7,318	-	-	-	-	-	-	7,318
Gain on disposal of investment property	-	-	17,679	-	-	-	-	17,679
Finance costs	-	(2,768)	(98,012)	-	(8,023)	-	-	(108,803)
Other gains and losses, net	(58)	(8)	-	-	-	-	-	(66)
Share of results of associates								
- income tax and others	(13,315)	(34,143)	(54,058)	-	-	-	(370)	(101,886)
Non-controlling interests	(2)	-	-	-	-	-	-	(2)
	59,971	624,344	579,252	-	860,345	273,681	7,751	2,405,344
Unallocated items								
Unallocated corporate expenses, net								(237,082)
Unallocated finance costs								(208,062)
Gain on disposals of subsidiaries, net								941,010
Share of results of associates - gain on disposal of subsidiaries, net of tax								514,060
Income tax expense								(335,676)
Unallocated non-controlling interests								17,135
Operating profit for the year attributable to owners of the Company								3,096,729
Realised fair value changes together with their respective deferred tax on disposals of investment properties (including share of results of associates)								
- Recognised in current year								(154,602)
Major non-cash items								
- Unrealised fair value changes on investment properties (including share of results of associates)								4,771,189
- Deferred tax credit								13,892
Profit for the year attributable to owners of the Company								7,727,208

4. Operating Segments (continued)
Consolidated Statement of Comprehensive Income (continued)
For the year ended 31st December, 2015

	HK\$'000
Core profit (excluding major non-cash items)	
Operating profit for the year attributable to owners of the Company	3,096,729
Major accumulated realised fair value changes together with their respective deferred tax on disposals of investment properties in current year (including share of results of associates and after non-controlling interest)	
- Recognised in current year	(154,602)
- Recognised in prior years	<u>13,843,651</u>
Core profit for the year attributable to owners of the Company	<u>16,785,778</u>

Consolidated Statement of Financial Position
At 31st December, 2015

	Property development and trading HK\$'000	Property leasing		Listed available- for-sale equity investments HK\$'000	Listed investments held-for- trading and treasury products HK\$'000	Unlisted investments, investment holding and brokerage HK\$'000	All other segments HK\$'000	Consolidated HK\$'000
		Retail HK\$'000	Non-retail HK\$'000					
Assets								
Segment assets								
- Hong Kong	5,006,542	10,607,954	8,230,890	-	8,624,769	333,733	41,915	32,845,803
- Mainland China	-	975,946	828,809	-	-	-	6,654	1,811,409
- United Kingdom	-	116,573	4,319,308	-	-	-	-	4,435,881
- Other countries	-	11	-	-	3,088,898	725,873	-	3,814,782
Interests in associates								
- Hong Kong	142,755	357,486	1,365,871	-	-	1,722	5,029	1,872,863
- Mainland China	-	131,621	1,765,992	-	-	-	-	1,897,613
Advances to associates								
- Hong Kong	7,208	-	181	-	-	2	1,126	8,517
- Mainland China	-	30,575	16,390	-	-	-	-	46,965
Reportable segment assets	<u>5,156,505</u>	<u>12,220,166</u>	<u>16,527,441</u>	<u>-</u>	<u>11,713,667</u>	<u>1,061,330</u>	<u>54,724</u>	<u>46,733,833</u>
Assets classified as held for sale								9,239,271
Unallocated corporate assets								<u>7,082,113</u>
Consolidated total assets								<u>63,055,217</u>
Liabilities								
Segment liabilities								
- Hong Kong	1,533,734	140,762	153,900	-	210	14,006	6,273	1,848,885
- Mainland China	-	19,086	12,667	-	-	-	19	31,772
- United Kingdom	-	73,862	2,748,353	-	-	-	-	2,822,215
- Other countries	-	1	-	-	5,389,995	6	-	5,390,002
Reportable segment liabilities	<u>1,533,734</u>	<u>233,711</u>	<u>2,914,920</u>	<u>-</u>	<u>5,390,205</u>	<u>14,012</u>	<u>6,292</u>	<u>10,092,874</u>
Liabilities directly associated with assets classified as held for sale								1,857,996
Unallocated corporate liabilities								<u>10,778,985</u>
Consolidated total liabilities								<u>22,729,855</u>
Additions to non-current assets (other than financial instruments and deferred tax assets)								
	<u>219,801</u>	<u>16,451</u>	<u>933,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,927</u>	

4. Operating Segments (continued)
Other Material Items
For the year ended 31st December, 2015

	Reportable segments total HK\$'000	Adjustments for unallocated HK\$'000	Adjustments for realised fair value changes and related deferred tax HK\$'000	Adjustments for major non-cash items HK\$'000	Consolidated statement of comprehensive income total HK\$'000
Interest income	766,523	-	-	-	766,523
Finance costs	(108,803)	(208,062)	-	-	(316,865)
Net income (expenses)	657,720	(208,062)	-	-	449,658
Depreciation	-	(55,832)	-	-	(55,832)
Fair value changes on investment properties	-	-	(4,860)	4,694,084	4,689,224
Share of results of associates	53,671	514,060	4,869	77,105	649,705
Income tax (expense) credit	-	(335,676)	(154,611)	13,892	(476,395)
Non-controlling interests	(9,658)	17,135	-	-	7,477

4. Operating Segments (continued)

Consolidated Statement of Comprehensive Income

For the year ended 31st December, 2014

	Property development and trading HK\$'000	Property leasing		Listed available-for-sale equity investments HK\$'000	Listed investments held-for-trading and treasury products HK\$'000	Unlisted investments, investment holding and brokerage HK\$'000	All other segments HK\$'000	Consolidated HK\$'000
		Retail HK\$'000	Non-retail HK\$'000					
Major cash items excluding in revenue								
- Hong Kong	-	-	-	-	466,881	-	-	466,881
- Other countries	-	-	-	-	11,135,671	-	-	11,135,671
	-	-	-	-	11,602,552	-	-	11,602,552
Revenue								
Revenue from external customers								
- Hong Kong	206,590	1,212,742	418,318	-	29,074	5,772	10,622	1,883,118
- Mainland China	410,496	61,159	44,095	-	-	-	25,356	541,106
- United Kingdom	-	5,576	197,488	-	-	-	-	203,064
	617,086	1,279,477	659,901	-	29,074	5,772	35,978	2,627,288
Revenue from external customers after non-controlling interests								
	565,439	1,278,268	659,492	-	29,074	5,772	35,978	2,574,023
Attributable property sales from associates/investee company								
- Hong Kong	1,491,160	-	-	-	-	-	-	1,491,160
Attributable rental revenue from associates/investee company								
- Hong Kong	-	18,960	34,652	-	-	-	-	53,612
- Mainland China	-	76,279	91,332	-	-	-	-	167,611
	2,056,599	1,373,507	785,476	-	29,074	5,772	35,978	4,286,406
Result								
Segment result								
- Hong Kong	486,893	1,162,125	393,900	-	111,291	41,559	18,119	2,213,887
- Mainland China	236,745	54,692	38,324	-	-	33,169	(11,513)	351,417
- United Kingdom	-	5,446	192,878	-	-	-	-	198,324
- Other countries	-	-	-	-	114,218	29	-	114,247
	723,638	1,222,263	625,102	-	225,509	74,757	6,606	2,877,875
Share of results of associates								
- Attributable property sales, net								
- Hong Kong	15,645	-	-	-	-	-	-	15,645
- Attributable gross income								
- Hong Kong	-	17,905	33,561	-	-	-	1,732	53,198
- Mainland China	-	76,279	91,332	-	-	-	-	167,611
- Attributable operating cost								
- Hong Kong	-	(1,464)	(5,680)	-	-	-	-	(7,144)
- Mainland China	-	(31,885)	(14,917)	-	-	-	-	(46,802)
Non-controlling interests	(24,261)	(1,096)	(371)	-	-	-	-	(25,728)
	715,022	1,282,002	729,027	-	225,509	74,757	8,338	3,034,655
Other income and expenses, net								
	(61,044)	242	-	-	-	1,410	(60,714)	(120,106)
Costs of development recognised in respect of property project in Macau								
	(6,503)	-	-	-	-	-	-	(6,503)
Loss on disposals of investment properties								
	-	(6,750)	-	-	-	-	-	(6,750)
Finance (costs) income								
	-	(3,071)	(108,762)	-	10,673	-	-	(101,160)
Other gains and losses, net								
	(65)	(5,146)	-	-	-	-	-	(5,211)
Share of results of associates								
- income tax and others	(15,911)	(35,862)	(38,731)	-	-	-	(107)	(90,611)
Non-controlling interests	(16)	(5)	-	-	-	-	-	(21)
	631,483	1,231,410	581,534	-	236,182	76,167	(52,483)	2,704,293
Unallocated items								
Unallocated corporate expenses, net								(217,577)
Unallocated finance costs								(293,858)
Gain on disposal of subsidiaries								2,917,579
Income tax expense								(260,390)
Unallocated non-controlling interests								17,777
Operating profit for the year attributable to owners of the Company								
								4,867,824
Realised fair value changes on disposal of investment properties								
- Recognised in current year								(286)
Major non-cash items								
- Unrealised fair value changes on investment properties (including share of results of associates)								3,872,858
- Deferred tax credit								4,531
Profit for the year attributable to owners of the Company								
								8,744,927

4. Operating Segments (continued)

Consolidated Statement of Comprehensive Income (continued)

For the year ended 31st December, 2014

	HK\$'000
Core profit (excluding major non-cash items)	
Operating profit for the year attributable to owners of the Company	4,867,824
Major accumulated realised fair value changes on disposals of investment properties in current year (after non-controlling interest)	
- Recognised in current year	(286)
- Recognised in prior years	54,968
	<u>4,922,506</u>
Core profit for the year attributable to owners of the Company	<u>4,922,506</u>

Consolidated Statement of Financial Position

At 31st December, 2014

	Property development and trading HK\$'000	Property leasing		Listed available-for-sale equity investments HK\$'000	Listed investments held-for-trading and treasury products HK\$'000	Unlisted investments, investment holding and brokerage HK\$'000	All other segments HK\$'000	Consolidated HK\$'000
		Retail HK\$'000	Non-retail HK\$'000					
Assets								
Segment assets								
- Hong Kong	4,021,211	19,755,263	11,449,659	-	501,944	807,812	51,681	36,587,570
- Mainland China	5,733,566	1,283,423	1,077,995	-	-	374,931	1,788,424	10,258,339
- United Kingdom	-	162,219	4,903,280	-	-	-	-	5,065,499
- Other countries	-	-	-	-	4,895,072	77,653	-	4,972,725
Interests in associates								
- Hong Kong	34,330	524,413	1,184,676	-	-	1,481	30,102	1,775,002
- Mainland China	143,105	95,344	471,316	-	-	-	-	709,765
Advances to associates								
- Hong Kong	7,068	210	127	-	-	2	1,494	8,901
- Mainland China	997,681	59,893	688,166	-	-	-	-	1,745,740
Reportable segment assets	<u>10,936,961</u>	<u>21,880,765</u>	<u>19,775,219</u>	<u>-</u>	<u>5,397,016</u>	<u>1,261,879</u>	<u>1,871,701</u>	<u>61,123,541</u>
Assets classified as held for sale								9,442,062
Unallocated corporate assets								<u>859,328</u>
Consolidated total assets								<u>71,424,931</u>
Liabilities								
Segment liabilities								
- Hong Kong	1,384,030	290,701	168,780	-	3	48,194	85,054	1,976,762
- Mainland China	459,798	42,676	17,844	-	-	-	20,374	540,692
- United Kingdom	-	81,934	2,915,086	-	-	-	-	2,997,020
- Other countries	-	-	-	-	1,713,785	3	-	1,713,788
Reportable segment liabilities	<u>1,843,828</u>	<u>415,311</u>	<u>3,101,710</u>	<u>-</u>	<u>1,713,788</u>	<u>48,197</u>	<u>105,428</u>	<u>7,228,262</u>
Liabilities directly associated with assets classified as held for sale								1,759,937
Unallocated corporate liabilities								<u>20,784,139</u>
Consolidated total liabilities								<u>29,772,338</u>
Additions to non-current assets (other than financial instruments and deferred tax assets)	<u>968,203</u>	<u>30,619</u>	<u>74,909</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>189,906</u>	

4. Operating Segments (continued)

Other Material Items

For the year ended 31st December, 2014

	Reportable segments total HK\$'000	Adjustments for unallocated HK\$'000	Adjustments for realised fair value changes HK\$'000	Adjustments for major non-cash items HK\$'000	Consolidated statement of comprehensive income total HK\$'000
Interest income	739,010	-	-	-	739,010
Finance costs	(101,160)	(293,858)	-	-	(395,018)
Net income (expenses)	637,850	(293,858)	-	-	343,992
Depreciation	-	(23,381)	-	-	(23,381)
Fair value changes on investment properties	-	-	(286)	3,777,424	3,777,138
Costs of development recognised in respect of property project in Macau	(6,503)	-	-	-	(6,503)
Share of results of associates	91,897	-	-	95,434	187,331
Income tax (expense) credit	-	(260,390)	-	4,531	(255,859)
Non-controlling interests	(25,749)	17,777	-	-	(7,972)

5. Other Income

	2015 HK\$'000	2014 HK\$'000
Included in other income are:		
Building management fee income	159,989	207,230
Building management fee expenses	(141,678)	(192,105)
	18,311	15,125
Rental services income	26,137	17,636
Property management services, leasing administration services and property administration services income	27,107	12,282
Asset management and maintenance services income	19,864	11,556
Advisory and consultancy services income	2,330	312
Consultancy fee income	237	9,227
Exchange gain, net	8,908	-
Reversal of impairment in respect of other receivable and interest thereon	7,318	-
Forfeiture of deposits received on sales of stock of properties	12	264

6. Investment Income, Net

	2015 HK\$'000	2014 HK\$'000
Financial assets at fair value through profit or loss classified as held-for-trading:		
Unrealised gain arising on change in fair value	24,159	44,009
Financial assets designated as at fair value through profit or loss:		
Unrealised gain (loss) arising on change in fair value	309,369	(446,541)
Realised loss arising on change in fair value		
- Change in fair value	(29,523)	(122,538)
- Exchange component of change	(4,139)	(16,551)
Net gain (loss) arising on change in fair value of financial assets designated as at fair value through profit or loss	275,707	(585,630)
Impairment loss for an available-for-sale investment	(3,899)	(12,983)
Other investment income, net	14,992	15,416
Dividend income on:		
Listed investments	34,242	38,208
Unlisted investments	32,400	420,893
Interest income	762,415	738,243
	<u>1,140,016</u>	<u>658,156</u>

Included in interest income are interests from bonds of approximately HK\$521,683,000 (2014: interests from bonds and preference shares of HK\$684,432,000) and imputed interest income from deferred consideration of approximately HK\$209,265,000 (2014: nil).

7. Other Expenses

	2015 HK\$'000	2014 HK\$'000
Included in other expenses are:		
Interest on sales deposits repaid to promissory purchasers of property project in Macau	-	61,405
Pre-operating expenses for hotel	-	60,714
	<u>-</u>	<u>122,119</u>

8. Profit for the Year

	2015 HK\$'000	2014 HK\$'000
Profit for the year has been arrived at after (charging) crediting:		
Total staff costs:		
Staff costs, including Directors' emoluments	(256,098)	(271,205)
Retirement benefits scheme contributions, net of forfeited contributions of approximately HK\$794,000 (2014: HK\$1,173,000)	(9,782)	(8,892)
	(265,880)	(280,097)
Auditors' remuneration		
- Current year	(2,858)	(3,005)
- Underprovision in prior years	(118)	(16)
Depreciation	(55,832)	(23,381)
Exchange loss, net	-	(4,151)
Cost of trading properties recognised	(71,132)	(225,674)
Cost of cosmetic products recognised	(3,479)	(3,669)
Cost of inventories for hotel recognised	(5,389)	(3,499)
Share of tax of associates (included in share of results of associates)	(82,440)	(23,989)
Gross proceeds on sale of investments held-for-trading	720,079	466,881
Carrying amount on investments held-for-trading disposed	(721,451)	(436,882)
Transaction costs on investments held-for-trading disposed	(1,043)	(925)
Net (loss) gain on sales of investments held-for-trading included in revenue	(2,415)	29,074
Gross rental income from investment properties	1,325,875	1,939,378
Less: Direct operating expenses from investment properties that generated rental income during the year	(81,303)	(89,972)
Direct operating expenses from investment properties that did not generate rental income during the year	(12,344)	(2,041)
	1,232,228	1,847,365

9. Finance Costs

	2015 HK\$'000	2014 HK\$'000
Interest on:		
Bank loans	324,020	483,606
Other loans	17,304	22,130
Amount due to a non-controlling shareholder	16,920	16,880
Total interest	358,244	522,616
Exchange gain on translation of foreign currency loans, net	(9,281)	(32,803)
Other finance costs	36,157	47,492
	385,120	537,305
Less: Interest capitalised to stock of properties under development	(284)	(1,251)
Interest capitalised to investment properties under development	(67,971)	(141,036)
	316,865	395,018

10. Other Gains and Losses, Net

	2015 HK\$'000	2014 HK\$'000
Included in other gains and losses, net are:		
Gain on disposals of subsidiaries - Chengdu Project (<i>note (i)</i>)	707,492	-
Gain on disposal of subsidiaries - One Group (<i>note (ii)</i>)	212,332	-
Gain on disposal of a subsidiary - Chongqing Project (<i>note (iii)</i>)	118,421	-
Loss on disposals of subsidiaries - Silvercord Group (<i>note (iv)</i>)	(97,235)	-
Gain on disposal of subsidiaries - Moon Ocean Group (<i>note (v)</i>)	-	2,917,579
Underprovision for rental guarantee (<i>note (vi)</i>)	(8)	(5,146)

Notes:

- (i) Gain on disposals of subsidiaries arose from the disposals of the Group's entire issued share capital of Lucky Benefit Limited ("Lucky Benefit") and Rising Sheen Limited ("Rising Sheen"), both are indirect wholly-owned subsidiaries of the Company, and their respective subsidiaries (collectively "Chengdu Project") ("Chengdu Project Disposal") on 30th July, 2015. Chengdu Project held property projects located at Chengdu, the People's Republic of China ("PRC"), known as Splendid City, The Metropolis and Chinese Estates Plaza, together with an investment in the PRC Partnership (defined thereafter in Note 19 - note (iii)). Details of the Chengdu Project Disposal are set out in Note 18(b).
- (ii) Gain on disposal of subsidiaries arose from the disposal of the Group's entire issued share capital of Asian East Limited ("Asian East"), an indirect wholly-owned subsidiary of the Company, and its subsidiaries (collectively "One Group") ("One Disposal") on 15th July, 2015. One Group held the property known as The ONE in Hong Kong. Details of the One Disposal are set out in Note 18(c).
- (iii) Gain on disposal of a subsidiary arose from the disposal of the Group's entire issued share capital of Million Castle Investments Limited ("Million Castle"), an indirect wholly-owned subsidiary of the Company ("Chongqing Project Disposal") on 27th October, 2015. Million Castle indirectly held 25% interests in a property project located at Chongqing, the PRC, known as The Coronation. Details of the Chongqing Project Disposal are set out in Note 18(a).
- (iv) Loss on disposals of subsidiaries arose from the disposals of the Group's entire issued share capital of Brass Ring Limited ("Brass Ring"), Union Leader Limited ("Union Leader") and Chinese Estates and Finance, Limited (now known as Silvercord Finance Limited) ("CE Finance"), all are indirect wholly-owned subsidiaries of the Company, and their respective subsidiaries (collectively "Silvercord Group") ("Silvercord Disposal") on 13th January, 2015. Silvercord Group held the property known as Silvercord in Hong Kong. Details of the Silvercord Disposal are set out in Note 18(d).
- (v) Gain on disposal of subsidiaries arose from the disposal of the Group's entire issued share capital of Value Eight Limited ("Value Eight"), an indirect wholly-owned subsidiary of the Company, and its subsidiaries (collectively "Moon Ocean Group") ("Moon Ocean Disposal") on 31st October, 2014. Moon Ocean Group held certain plots of land in Macau Special Administrative Region of the PRC ("Macau").
- (vi) The amount represented underprovision in rental guarantee provided to purchasers of certain shops or units of an investment property disposed of in prior years.

11. Share of Results of Associates

Included in share of results of associates for the Year mainly comprised share of an associate's gain on disposal of subsidiaries (net of tax) of approximately HK\$514,060,000. The associate (50% interest) disposed of the company that ultimately held the office building namely Platinum located at Shanghai, the PRC ("Shanghai Platinum Disposal"). The Shanghai Platinum Disposal was completed on 30th September, 2015.

12. Income Tax Expense

	2015 HK\$'000	2014 HK\$'000
The charge comprises:		
Current tax:		
Hong Kong Profits Tax	112,077	152,687
Other than Hong Kong	218,050	65,490
	330,127	218,177
(Overprovision) underprovision in prior years:		
Hong Kong Profits Tax	399	270
Other than Hong Kong	(16,482)	14,293
	(16,083)	14,563
Deferred tax:		
Current year charge	162,351	23,126
Overprovision in prior years	-	(7)
	162,351	23,119
	476,395	255,859

Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) on the estimated assessable profits for the Year. PRC Enterprise Income Tax for PRC subsidiaries are calculated at PRC Enterprise Income Tax rate of 25% (2014: 25%). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

13. Dividends

	2015 HK\$'000	2014 HK\$'000
(a) Final dividend for 2014 paid on 5th June, 2015 of HK1 cent (2013: HK50 cents) per share	19,076	953,810
(b) Interim dividend for 2015 paid on 14th September, 2015 of HK30 cents (2014: HK30 cents) per share	572,286	572,286
(c) Special interim dividend declared on 16th December, 2014 and paid on 13th January, 2015 of HK\$4 per share	7,630,476	-
(d) Special interim dividend paid on 15th July, 2015 of HK\$2.6 per share	4,959,810	-
(e) Special interim dividend paid on 14th September, 2015 of HK\$1.2 per share	2,289,143	-
(f) Special interim dividend paid on 31st October, 2014 of HK\$2.55 per share	-	4,864,428
Total dividends paid	15,470,791	6,390,524

On 21st December, 2015, the Board declared a conditional special interim dividend of HK\$2 per share, which is conditional upon completion of the Pioneer Time Disposal (defined thereafter in Note 17(a)).

Subsequent to the end of the reporting period, the completion of the Pioneer Time Disposal took place on 15th January, 2016 and the payment of the conditional special interim dividend was made on 20th January, 2016.

Final dividend for the Year of HK1 cent (2014: HK1 cent) per share has been proposed by the Board and is subject to shareholders' approval at the forthcoming annual general meeting of the Company.

14. Earnings per Share

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2015 HK\$'000	2014 HK\$'000
Earnings:		
Earnings for the purposes of basic and diluted earnings per share		
Profit for the year attributable to owners of the Company	<u>7,727,208</u>	<u>8,744,927</u>
	Number of shares	
	2015	2014
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	<u>1,907,619,079</u>	<u>1,907,619,079</u>

Diluted earnings per share for the years ended 31st December, 2015 and 2014 were the same as the basic earnings per share as there were no diluting events during both years.

15. Debtors, Deposits, Other Receivables and Prepayments

Included in debtors, deposits, other receivables and prepayments are trade receivables of approximately HK\$12,315,000 (2014: HK\$111,485,000) comprised rental receivables billed in advance and settlements from tenants which are expected upon receipts of billings, properties sales proceeds receivables and receivable from hotel operation.

The following is the aged analysis of trade receivables (net of allowance for doubtful debts), presented based on the respective revenue recognition dates, at the end of the reporting period:

	2015 HK\$'000	2014 HK\$'000
0 - 30 days	2,443	17,619
31 - 60 days	649	85,866
61 - 90 days	362	299
Over 90 days	8,861	7,701
	<u>12,315</u>	<u>111,485</u>

Included in debtors, deposits, other receivables and prepayments are consideration receivables of approximately HK\$6,808,466,000 in respect of deferred consideration of the Chengdu Project Disposal and the Chongqing Project Disposal.

The consideration of the Chengdu Project Disposal was HK\$6,500,000,000 of which 10% was received from Shengyu (BVI) Limited ("Shengyu"), a wholly-owned subsidiary of Evergrande Real Estate Group Limited which is independent of and not connected with the Company, as at the end of the reporting period. In accordance with the equity and debt transfer agreement of the Chengdu Project Disposal dated 14th July, 2015, the remaining 90% of the cash consideration receivable from the Chengdu Project Disposal amounting to HK\$5,850,000,000 would be received in 4 instalments within 24 months from the date of the disposal agreement. As at the end of the reporting period, the 90% of the cash consideration receivable initially recognised at fair value and subsequently measured at amortised cost was recorded as other receivables in which the amount of approximately HK\$3,158,744,000 to be received after one year was shown as non-current.

15. Debtors, Deposits, Other Receivables and Prepayments (continued)

The consideration of the Chongqing Project Disposal was HK\$1,750,000,000 of which 15% was received from Shengyu as at the end of the reporting period. In accordance with the equity and debt receivable transfer agreement of the Chongqing Project Disposal dated 19th October, 2015, the remaining 85% of the cash consideration receivable from the Chongqing Project Disposal amounting to HK\$1,487,500,000 would be received in 4 instalments within 24 months from the date of the disposal agreement. As at the end of the reporting period, the 85% of the cash consideration receivable initially recognised at fair value and subsequently measured at amortised cost was recorded as other receivables in which the amount of approximately HK\$839,614,000 to be received after one year was shown as non-current.

16. Creditors and Accruals

Included in creditors and accruals are trade payables of approximately HK\$64,975,000 (2014: HK\$416,771,000).

The following is the aged analysis of trade payables at the end of the reporting period:

	2015 HK\$'000	2014 HK\$'000
0 - 90 days	50,813	27,961
Over 90 days	14,162	388,810
	<u>64,975</u>	<u>416,771</u>

17. Assets Classified as Held For Sale/Liabilities Directly Associated with Assets Classified as Held For Sale

(a) Disposal of Pioneer Time Investment Limited (“Pioneer Time”) (“Pioneer Time Disposal”) on 15th January, 2016

During the Year, Great System Investment Limited (“Great System”), an indirect wholly-owned subsidiary of the Company, and Shengyu entered into an equity and debt transfer agreement, pursuant to which Great System agreed to sell and Shengyu agreed to acquire the entire issued share capital of Pioneer Time, an indirect wholly-owned subsidiary of the Company. Pioneer Time held the property known as MassMutual Tower in Hong Kong.

The Pioneer Time Disposal was completed on 15th January, 2016 at a consideration of approximately HK\$12,448,280,000 (after adjustment). As at 31st December, 2015, a deposit of HK\$1,250,000,000 has been received by the Group and included in deposits and receipts in advance. As a result of the Pioneer Time Disposal, the assets and liabilities of Pioneer Time have been presented as assets classified as held for sale and liabilities directly associated with assets classified as held for sale respectively in the consolidated statement of financial position as at 31st December, 2015 in accordance with HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”.

Details of the Pioneer Time Disposal were set out in the announcement of the Company dated 12th November, 2015 and the circular of the Company dated 3rd December, 2015.

(b) Silvercord Disposal on 13th January, 2015

During the year ended 31st December, 2014, (i) Super Series Limited (“Super Series”), an indirect wholly-owned subsidiary of the Company; (ii) the Company, being the guarantor of Super Series; (iii) Fly High Target Limited (“Fly High Target”), a company wholly-owned by Mr. Joseph Lau, Luen-hung (“Mr. Joseph Lau”), a substantial shareholder and a controlling shareholder of the Company; and (iv) Mr. Joseph Lau, being the guarantor of Fly High Target, entered into sale and purchase agreements, namely “Silvercord First SP Agreement” and “Silvercord Second SP Agreement”, pursuant to which Super Series agreed to sell and Fly High Target agreed to acquire the entire issued share capital of Brass Ring and Union Leader respectively.

17. Assets Classified as Held For Sale/Liabilities Directly Associated with Assets Classified as Held For Sale
(continued)

(b) Silvercord Disposal on 13th January, 2015 (continued)

During the year ended 31st December, 2014, (i) Chinese Estates, Limited (“CEL”), a direct wholly-owned subsidiary of the Company; (ii) the Company, being the guarantor of CEL; (iii) Coast Field Ltd. (“Coast Field”), a company wholly-owned by Mr. Joseph Lau; and (iv) Mr. Joseph Lau, being the guarantor of Coast Field, entered into a sale and purchase agreement, namely “Silvercord Third SP Agreement”, pursuant to which CEL agreed to sell and Coast Field agreed to acquire the entire issued share capital of CE Finance.

The Silvercord Disposal was completed on 13th January, 2015. As a result of the Silvercord Disposal, the consolidated assets and liabilities of the Silvercord Group have been presented as assets classified as held for sale and liabilities directly associated with assets classified as held for sale respectively in the consolidated statement of financial position as at 31st December, 2014 in accordance with HKFRS 5.

Further details of the Silvercord Disposal are set out in Note 18(d).

At the end of the reporting period, the major classes of assets and liabilities classified as assets held for sale and liabilities directly associated with assets classified as held for sale correspondingly are as follows:

	2015	2014
	HK\$’000	HK\$’000
Assets classified as held for sale		
Investment properties	8,657,600	9,388,280
Property, plant and equipment	505,585	2
Debtors, deposits, other receivables and prepayments	4,539	30,098
Tax recoverable	-	2
Pledged deposits	59,313	-
Bank balances and cash	12,234	23,680
	9,239,271	9,442,062
Liabilities directly associated with assets classified as held for sale		
Creditors and accruals	2,910	4,661
Deposits and receipts in advance	46,265	187,950
Tax liabilities	6,214	28,000
Borrowings	1,785,000	1,500,000
Deferred tax liabilities	17,607	39,326
	1,857,996	1,759,937
Amounts recognised in other comprehensive income and accumulated in equity relating to non-current assets held for sale		
Properties revaluation reserve	127,054	-

18. Disposal(s) of Subsidiary(ies)

(a) Chongqing Project Disposal on 27th October, 2015

On 19th October, 2015, Evergo Holdings (China) Company Limited (“Evergo”), an indirect wholly-owned subsidiary of the Company, and Shengyu entered into an equity and debt receivable transfer agreement, pursuant to which Evergo agreed to sell and Shengyu agreed to acquire the entire issued share capital of Million Castle.

The Chongqing Project Disposal was completed on 27th October, 2015 at a consideration of HK\$1,750,000,000. Upon completion, Million Castle ceased to be a subsidiary of the Company and its results, assets and liabilities were ceased to be consolidated with those of the Group.

Details of the Chongqing Project Disposal were set out in the announcement of the Company dated 19th October, 2015.

	2015
	HK\$'000
The net assets of Million Castle as at the date of disposal were as follows:	
Interest in an associate	73,522
Advance to an associate	1,532,321
Amount due to the Group	<u>(1,531,542)</u>
Net assets disposed of	74,301
Sale of amount due to the Group	1,531,542
Release of translation reserve upon disposal	(107,383)
Gain on disposal of a subsidiary	<u>118,421</u>
	<u>1,616,881</u>
Satisfied by:	
Cash consideration received	262,500
Present value of deferred consideration	<u>1,354,829</u>
	1,617,329
Expenses incurred for disposal	<u>(448)</u>
	<u>1,616,881</u>
Net cash inflow arising on disposal:	
Cash consideration	1,750,000
Cash consideration receivable	<u>(1,487,500)</u>
Cash consideration received	262,500
Expenses incurred for disposal	<u>(448)</u>
	<u>262,052</u>

The gain on the Chongqing Project Disposal was included in other gains and losses, net (Note 10) in the consolidated statement of comprehensive income.

(b) Chengdu Project Disposal on 30th July, 2015

On 14th July, 2015, Evergo and Shengyu entered into an equity and debt transfer agreement, pursuant to which Evergo agreed to sell and Shengyu agreed to acquire the entire issued share capital of Lucky Benefit and Rising Sheen.

The Chengdu Project Disposal was completed on 30th July, 2015 at a consideration of HK\$6,500,000,000. Upon completion, the Chengdu Project ceased to be subsidiaries of the Company and their consolidated results, assets and liabilities were ceased to be consolidated with those of the Group.

Details of the Chengdu Project Disposal were set out in the announcement of the Company dated 14th July, 2015.

18. Disposal(s) of Subsidiary(ies) (continued)

(b) Chengdu Project Disposal on 30th July, 2015 (continued)

	2015 HK\$'000
The consolidated net assets of the Chengdu Project as at the date of disposal were as follows:	
Investment properties	4,941,632
Property, plant and equipment	1,198,461
Available-for-sale investment	361,054
Pledged deposit	409,071
Stock of properties	855,386
Inventories	1,425
Debtors, deposits, other receivables and prepayments	98,708
Tax recoverable	14,156
Time deposits, bank balances and cash	656,772
Creditors and accruals	(358,699)
Deposits and receipts in advance	(128,635)
Tax liabilities	(595)
Financial guarantee liabilities	(160)
Borrowings	(1,869,450)
Deferred tax liabilities	(231,667)
Amount due to the Group	(4,604,511)
Net assets disposed of	<u>1,342,948</u>
Sale of amount due to the Group	4,604,511
Release of translation reserve upon disposal	(774,867)
Gain on disposals of subsidiaries	<u>707,492</u>
	<u><u>5,880,084</u></u>
Satisfied by:	
Cash consideration received	650,000
Present value of deferred consideration	<u>5,244,372</u>
	5,894,372
Expenses incurred for disposal	<u>(14,288)</u>
	<u><u>5,880,084</u></u>
Net cash outflow arising on disposal:	
Cash consideration	6,500,000
Cash consideration receivable	<u>(5,850,000)</u>
Cash consideration received	650,000
Expenses incurred for disposal	(14,288)
Time deposits, bank balances and cash disposed of	(656,772)
Pledged deposit disposed of	<u>(409,071)</u>
	<u><u>(430,131)</u></u>

The gain on the Chengdu Project Disposal was included in other gains and losses, net (Note 10) in the consolidated statement of comprehensive income.

(c) Disposal of the One Group to a connected person on 15th July, 2015

On 12th December, 2014, (i) Rich Lucky Limited (“Rich Lucky”), an indirect wholly-owned subsidiary of the Company; (ii) the Company, being the guarantor of Rich Lucky; (iii) Market Victory Limited (“Market Victory”), a company wholly-owned by Mr. Joseph Lau; and (iv) Mr. Joseph Lau, being the guarantor of Market Victory, entered into a sale and purchase agreement pursuant to which Rich Lucky agreed to sell and Market Victory agreed to acquire the entire issued share capital of Asian East.

18. Disposal(s) of Subsidiary(ies) (continued)

(c) Disposal of the One Group to a connected person on 15th July, 2015 (continued)

The One Disposal was completed on 15th July, 2015 at a consideration of approximately HK\$5,020,556,000. Upon completion, the One Group ceased to be subsidiaries of the Company and its consolidated results, assets and liabilities were ceased to be consolidated with those of the Group.

Upon completion of the One Disposal, the Group recorded gain on disposal of subsidiaries of approximately HK\$212,332,000. The gain was mainly derived from the decrease in fair value of the investment properties of HK\$215,000,000 due to revaluation of the investment properties as at 30th June, 2015 (which is carried out in accordance with the Group's accounting policies on revaluation of the Group's investment properties as at reporting date) as compared with the property valuation under the sale and purchase agreement of the One Disposal dated 12th December, 2014.

Details of the One Disposal were set out in the announcements of the Company dated 12th December, 2014, 15th July, 2015 and 13th August, 2015 and the circular of the Company dated 7th January, 2015.

	2015 HK\$'000
The consolidated net assets of the One Group as at the date of disposal were as follows:	
Investment properties	7,665,000
Equipment	1,590
Debtors, deposits, other receivables and prepayments	34,808
Bank balances and cash	37,625
Creditors and accruals	(17,026)
Deposits and receipts in advance	(158,596)
Tax liabilities	(4,370)
Borrowings	(2,738,000)
Deferred tax liabilities	(15,475)
Amount due to the Group	(2,203,689)
Net assets disposed of	2,601,867
Sale of amount due to the Group	2,203,689
Gain on disposal of subsidiaries	212,332
	<u>5,017,888</u>
Satisfied by:	
Cash consideration	5,020,556
Expenses incurred for disposal	(2,668)
	<u>5,017,888</u>
Net cash inflow arising on disposal:	
Cash consideration	5,020,556
Settled by special interim dividend (note)	(3,478,022)
Net cash consideration received	1,542,534
Expenses incurred for disposal	(2,668)
Bank balances and cash disposed of	(37,625)
	<u>1,502,241</u>

The gain on the One Disposal was included in other gains and losses, net (Note 10) in the consolidated statement of comprehensive income.

Note: Market Victory has elected to settle the consideration by procuring Mr. Joseph Lau's entitlement on the special interim dividend (Note 13(d)) in an amount of approximately HK\$3,478,022,000.

18. Disposal(s) of Subsidiary(ies) (continued)

(d) Disposal of the Silvercord Group to connected persons on 13th January, 2015

The Silvercord Disposal was completed on 13th January, 2015 at a total consideration of approximately HK\$7,656,149,000. Upon completion, the Silvercord Group ceased to be subsidiaries of the Company and its consolidated results, assets and liabilities were ceased to be consolidated with those of the Group.

Upon completion of the Silvercord Disposal, the Group recorded loss on disposals of subsidiaries of approximately HK\$97,235,000. The loss was mainly derived from the increase in fair value of the investment properties of HK\$93,200,000 due to revaluation of the investment properties as at 31st December, 2014 (which is carried out in accordance with the Group's accounting policies on revaluation of the Group's investment properties as at reporting date) as compared with the property valuation under the sale and purchase agreements of the Silvercord Disposal dated 1st September, 2014.

Details of the Silvercord Disposal were set out in the announcements of the Company dated 2nd September, 2014 and 13th January, 2015 and the circular of the Company dated 23rd September, 2014.

	2015 HK\$'000
The consolidated net assets of the Silvercord Group as at the date of disposal were as follows:	
Investment properties	9,388,280
Equipment	3
Debtors, deposits, other receivables and prepayments	48,917
Tax recoverable	1
Bank balances and cash	95,018
Amount due from the Group	424,226
Creditors and accruals	(7,192)
Deposits and receipts in advance	(217,539)
Tax liabilities	(18,714)
Borrowings	(1,500,000)
Deferred tax liabilities	(39,425)
Amount due to the Group	(7,538,215)
Net assets disposed of	<u>635,360</u>
Sale of amount due to the Group	7,538,215
Assumption of amount due from the Group	(424,226)
Loss on disposals of subsidiaries	<u>(97,235)</u>
	<u><u>7,652,114</u></u>
Satisfied by:	
Cash consideration	7,656,149
Expenses incurred for disposal	<u>(4,035)</u>
	<u><u>7,652,114</u></u>
Net cash inflow arising on disposal:	
Cash consideration	7,656,149
Settled by special interim dividend (note)	<u>(5,350,803)</u>
Net cash consideration received	2,305,346
Expenses incurred for disposal	(4,035)
Bank balances and cash disposed of	<u>(95,018)</u>
	<u><u>2,206,293</u></u>

The loss on the Silvercord Disposal was included in other gains and losses, net (Note 10) in the consolidated statement of comprehensive income.

Note: Fly High Target has elected to settle the consideration by procuring Mr. Joseph Lau's entitlement on the special interim dividend (Note 13(c)) in an amount of approximately HK\$5,350,803,000.

19. Capital Commitments

	2015 HK\$'000	2014 HK\$'000
Authorised and contracted for:		
Development expenditure of properties in Hong Kong	102,257	282,471
Development expenditure of properties in Mainland China (<i>note (i)</i>)	-	1,118,186
Renovation of properties	6,997	-
Investee company's contribution	171,600	343,200
Capital investment in limited partnership (<i>notes (ii) and (iii)</i>)	126,901	314,215
Purchase of equipment	-	2,005
	<u>407,755</u>	<u>2,060,077</u>

As at 31st December, 2014, the Group's associate had capital commitments which were authorised and contracted for of approximately HK\$877,856,000, of which the Group's share of commitments amounted to approximately HK\$219,464,000. The capital commitment no longer exist upon completion of the Chongqing Project Disposal.

Notes:

- (i) The capital commitments relating to Chengdu properties no longer exist upon completion of the Chengdu Project Disposal.
- (ii) The Group entered into a subscription agreement for commitment in contribution of United States dollar ("US\$") 100,000,000 (equivalent to approximately HK\$774,990,000) in an exempted limited partnership formed under the Exempted Limited Partnership Law (Revised) of the Cayman Islands ("Cayman Islands Partnership"). Up to the end of the reporting period, approximately US\$83,625,000 (equivalent to approximately HK\$648,214,000) among the contribution has been paid by the Group.
- (iii) During the year ended 31st December, 2014, the Group entered into a subscription agreement for commitment in contribution of Renminbi ("RMB") 300,000,000 (equivalent to approximately HK\$353,580,000) in an exempted limited partnership registered under the Partnership Enterprise Law of the PRC ("PRC Partnership"). The PRC Partnership with a term of ten years was set up mainly for the purpose of long term capital investment. Prior to the Chengdu Project Disposal, the Group had fully contributed to the fund. The subsidiary holding the fund has been deconsolidated from the Group upon completion of the Chengdu Project Disposal.

20. Contingent Liabilities and Assets

Contingent Liabilities

	2015 HK\$'000	2014 HK\$'000
Guarantee given to a bank in respect of banking facilities in lieu of the cash public utility deposit jointly utilised by subsidiaries	15,000	15,000
Guarantees given to banks in respect of banking facilities utilised by associates (<i>note (i)</i>)	-	829,592
Repurchase guarantees given to banks in respect of mortgage facilities given to property purchasers by subsidiaries (<i>note (ii)</i>)	-	19,672
	<u>15,000</u>	<u>864,264</u>

Notes:

- (i) The contingent liabilities no longer exist upon completion of the Shanghai Platinum Disposal and the Chongqing Project Disposal.
- (ii) The contingent liabilities no longer exist upon completion of the Chengdu Project Disposal.

Buy Option and Sale Option on shares of Grandday Group Limited ("Grandday")

On 5th September, 2012, the Company and Loyal Pride Limited ("Vendor of Grandday"), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement for the disposal of 49 shares of Grandday ("Sale Shares"), representing 49% of the entire issued share capital of Grandday, with Dynamic Grand Limited ("Purchaser of Grandday") at a total consideration of US\$500,000,000 ("Grandday Disposal") ("Agreement"), which was satisfied by way of cash of US\$200,000,000 and loan note issued by the Purchaser of Grandday in the principal amount of US\$300,000,000 ("Loan Note"). The Grandday Disposal was completed on 7th September, 2012 and the Loan Note was fully redeemed on 6th March, 2013 with share charge over the Sale Shares released on the same date.

20. Contingent Liabilities and Assets *(continued)*

Contingent Liabilities (continued)

Buy Option and Sale Option on shares of Grandday Group Limited (“Grandday”) *(continued)*

Save as disclosed above, pursuant to the Agreement, in case of certain events (as defined in the Agreement) occurred, the Vendor of Grandday shall have an option to purchase all but not some of the Sale Shares from the Purchaser of Grandday (“Buy Option”) and the Purchaser of Grandday shall have an option to sell all but not some of the Sale Shares to the Vendor of Grandday (“Sale Option”).

For as long as any of the indentures security as defined in the Agreement (“Indentures Security”) remains outstanding, if, on or before 20th January, 2016, an event of default as defined in the Agreement occurs and such event of default agreed in the Agreement has not been waived, remedied or cured or is otherwise continuing as at 20th January, 2016; or if a demand is made on Grandday and/or Lucky Grow Holdings Limited, a wholly-owned subsidiary of Grandday, under any of the Indentures Security and/or any enforcement action is taken under any of the Indentures Security, the Purchaser of Grandday shall sell and the Vendor of Grandday shall purchase all but not some of the Sale Shares (“Automatic Sale”). As at the date of this announcement, the Buy Option and the Sale Option were expired.

Details of the Grandday Disposal including the Buy Option, the Sale Option, the Indentures Security, the Automatic Sale and the redemption of the Loan Note were set out in the announcements of the Company dated 5th September, 2012 and 6th March, 2013.

Contingent Assets

Post-completion development upside sharing or compensation upside sharing on the case of Moon Ocean Ltd. (“Moon Ocean”)

Subject to completion of the Moon Ocean Disposal on 31st October, 2014, (a) if judgments are made in favour of Moon Ocean in the appeals to its legal case in Macau (“Appeals”) and have become final and the title to the Macau land previously held by Moon Ocean (“Macau Land”) is vested on Moon Ocean again, One Midland Limited (“One Midland”), a company wholly-owned by Mr. Joseph Lau and being the buyer of the Moon Ocean Group, shall pay to Data Dynasty Limited (“Data Dynasty”), an indirect wholly-owned subsidiary of the Company and being the vendor of the Moon Ocean Group, the development upside sharing pursuant to the sale and purchase agreement entered into on 1st September, 2014 (“Moon Ocean SP Agreement”); or (b) if judgments are made against Moon Ocean in the Appeals and have become final, One Midland shall pay to Data Dynasty the compensation upside sharing pursuant to the Moon Ocean SP Agreement.

The arrangement of the development upside sharing or the compensation upside sharing (as the case may be) allows the Group to share the possible upside or compensation in relation to the Macau Land and the La Scala project post completion of the Moon Ocean SP Agreement.

The aggregate amount of all the development upside sharing or the compensation upside sharing (as the case may be) payable by One Midland to Data Dynasty shall be subject to a maximum amount of HK\$12,500 million.

The Directors consider the aggregate amount of all the development upside sharing or the compensation upside sharing (as the case may be) payable by One Midland to Data Dynasty and the maximum amount of HK\$12,500 million for the development upside sharing or the compensation upside sharing (as the case may be) are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

Up to the date of this announcement, the Appeals are still in progress.

Details of the development upside sharing and the compensation upside sharing were set out in the announcement of the Company dated 2nd September, 2014 and the circular of the Company dated 23rd September, 2014.

DIVIDENDS

During the Year, the Board had paid an interim dividend of HK30 cents per share (payment date: 14th September, 2015) (2014: HK30 cents per share) and special interim dividends of (i) HK\$4 per share (payment date: 13th January, 2015), (ii) HK\$2.6 per share (payment date: 15th July, 2015) and (iii) HK\$1.2 per share (payment date: 14th September, 2015) (2014: HK\$2.55 per share) and declared a conditional special interim dividend of HK\$2 per share which was paid after completion of a disposal transaction occurred in January 2016 (payment date: 20th January, 2016). As the Company has paid substantial interim dividends during the Year, the Board has recommended the payment of a nominal final dividend of HK1 cent per share for the Year (the “Final Dividend”) (2014: HK1 cent per share).

Subject to shareholders’ approval at the forthcoming annual general meeting of the Company to be held on 19th May, 2016 (the “2016 AGM”), dividend warrants will be posted on or about 6th June, 2016 to shareholders whose names appear on the register of members of the Company on 26th May, 2016.

As stated in the Company’s circular dated 15th January, 2016, the Board may declare and pay one or more special cash interim dividend(s) in anticipation of the completion of the major and connected transactions regarding, inter alia, disposal of subsidiaries that ultimately held the property known as Windsor House (which is scheduled to be on or before 31st December, 2016) subject to the then financial and cashflow position of the Group.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the members’ eligibility to attend and vote at the 2016 AGM, and entitlement to the recommended Final Dividend, the register of members will be closed during the following periods respectively:

- | | |
|---|---|
| (1) For ascertaining eligibility to attend and vote at the 2016 AGM: | |
| Latest time to lodge transfers documents for registration | 4:30 p.m. on 13th May, 2016 |
| Closure of register of members | 16th May, 2016 to 19th May, 2016
(both days inclusive) |
| (2) For ascertaining entitlement to the recommended Final Dividend: | |
| Latest time to lodge transfers documents for registration | 4:30 p.m. on 24th May, 2016 |
| Closure of register of members | 25th May, 2016 to 26th May, 2016
(both days inclusive) |
| Record date | 26th May, 2016 |

To be eligible to attend and vote at the 2016 AGM, and to qualify for the recommended Final Dividend, all properly completed share transfers documents accompanied by the relevant share certificates must be lodged for registration with the Company’s Branch Registrar and Transfer Office in Hong Kong, namely Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than the respective latest time as stated above.

FINANCIAL OPERATION REVIEW

Results

Revenue

Revenue for the Year amounted to HK\$1,542.4 million (2014: HK\$2,627.3 million), a 41.3% decrease over last year and comprised gross rental income of HK\$1,325.9 million (2014: HK\$1,939.4 million), property sales of HK\$151.6 million (2014: HK\$617.1 million), loss on sales of investments held-for-trading on a net basis of HK\$2.4 million (2014: profit of HK\$29.1 million) and others of HK\$67.3 million (2014: HK\$41.7 million). The decrease in revenue was mainly due to the decrease in gross rental income and sales of development properties.

Gross Profit

Gross profit for the Year amounted to HK\$1,286.9 million (2014: HK\$2,204.6 million), a 41.6% decrease as compared with last year which was mainly due to the decrease in net rental income of HK\$615.1 million and profit from property sales of HK\$268.8 million.

Property Leasing

For property leasing, the rental revenue in retail section declined by 49.1% to HK\$651.4 million while rental revenue in non-retail section increased by 2.2% to HK\$674.5 million during the Year. The total rental income in revenue for the Year recorded a decrease of 31.6% to HK\$1,325.9 million as compared with last year of HK\$1,939.4 million.

Together with the attributable rental revenue generated from associates and an investee company of HK\$196.0 million (2014: HK\$221.2 million), the total attributable rental revenue to the Group after non-controlling interests amounted to approximately HK\$1,520.2 million (2014: HK\$2,159.0 million), which representing a decline of 29.6% over last year.

Attributable net rental income for the Year showed HK\$1,374.9 million, a 31.6% decrease over HK\$2,011.0 million in last year.

The decline in attributable rental revenue and net rental income are mainly due to the disposals of subsidiaries holding Silvercord in January 2015 and The ONE in July 2015, since then the results of those subsidiaries were not consolidated to the Group. In addition, an associate of the Group (50% interest) disposed the company holding Platinum in Shanghai in September 2015. Excluding the investment properties disposed of during the Year, the attributable rental revenue and net rental income of the remaining investment properties maintained stable performance over last year.

Property Development and Trading

During the Year, the attributable property sales revenue and the relevant attributable profit from the Group and its associates recorded a decrease of 87.9% to HK\$248.2 million (2014: HK\$2,056.6 million) and a decrease of 90.8% to HK\$66.0 million (2014: HK\$715.0 million) respectively, of which the attributable results from an investee company was included for the year 2014.

The major components recorded in gross profit are sales of: Phase I, Phase II and parking spaces of Splendid City in Chengdu (100% interest) generated profit of HK\$0.4 million (2014: HK\$6.3 million), HK\$2.1 million (2014: HK\$41.5 million) and HK\$7.7 million (2014: HK\$124.8 million) respectively and Tower 1 of The Metropolis in Chengdu (100% interest) generated profit of HK\$22.0 million (2014: HK\$64.1 million).

Sales of One WanChai and parking spaces at The Zenith in Wanchai (both 87.5% interest) recognised during the Year had contributed an attributable profit to the Group of HK\$23.9 million (2014: HK\$78.8 million) and HK\$4.7 million (2014: HK\$5.9 million) respectively.

In respect of properties held by associates, Hing Wai Centre in Aberdeen (50% interest) and The Coronation in Chongqing (25% interest) generated profit of HK\$0.1 million and HK\$5.1 million respectively (2014: Kwong Kin Trade Centre in Tuen Mun (40% interest) and Greenville Residence in Yuen Long (50% interest) generated profit of HK\$3.6 million and HK\$0.1 million respectively) as reflected in the share of results of associates.

For the year ended 31st December, 2014, sale of The Coronation in West Kowloon (15% interest) had contributed HK\$389.9 million to investment income upon recognition of dividend income. No similar dividend income was received during the Year from the Group's investee company.

As at 31st December, 2015, deposits received from stock of properties contracted to be sold amounted to HK\$527.5 million. Of which, deposits of HK\$454.8 million were received from presale of 88 units of One South Lane in Kennedy Town (100% interest) with contracted sale of HK\$467.3 million (after discount), together with deposits of HK\$72.7 million were received for 11 units and 11 parking spaces of 55 Conduit Road located in Mid-Levels West (70% interest) with contracted sale of HK\$1,454.3 million and its attributable interest of sales to the Group amounted to HK\$1,018.0 million.

In summary, the Group together with associates executed properties sale agreements, including presale agreements to third parties and a connected person, recorded an attributable contracted sales of HK\$1,457.1 million (those subsidiaries and associate disposed of up to the date of completion of disposal) (2014: HK\$1,159.3 million) during the Year. Total attributable property sale profit recognised for the Year was HK\$66.0 million (2014: HK\$715.0 million).

Securities Investments

The Group has closely managed the securities investments with a view to yield enhancement. During the Year, the Group recorded a realised loss of HK\$2.4 million (2014: realised gain of HK\$29.1 million) on disposal of listed investments held-for-trading (the gains/losses of which was included in revenue) with gross proceeds of HK\$720.1 million (2014: HK\$466.9 million). In addition, a realised loss from sale of bonds of HK\$33.7 million (2014: realised loss from sale of bonds of HK\$140.3 million and realised gain from sale of preference shares of HK\$1.2 million) was recognised. The net realised loss for the Year was HK\$36.1 million (2014: HK\$110.0 million).

Furthermore, the Group recorded an unrealised gain of HK\$333.5 million (2014: unrealised loss of HK\$402.5 million) representing the changes in fair value of listed securities and bonds, which had no effect on the cash flow of the Group.

During both years, there was no acquisition and disposal on listed equity securities included in available-for-sale investments.

Summing up the above and adding the net income from dividend, interest income, other net investment income and other finance costs of HK\$562.9 million (2014: net income from dividend, interest income, other investment income and other finance income of HK\$748.7 million), the gain recognised on securities investments was HK\$860.3 million (2014: HK\$236.2 million).

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

Listed Available-for-sale Equity Investments

The Group had not acquired and disposed any listed available-for-sale equity investments for the years of 2015 and 2014.

Listed Investments Held-for-trading and Treasury Products

The listed investments held-for-trading and treasury products recorded a profit before and after finance cost of HK\$868.3 million and HK\$860.3 million respectively for the Year (2014: profit before and after finance income of HK\$225.5 million and HK\$236.2 million respectively).

Profit reflected in the consolidated statement of comprehensive income for the Year comprised a gross loss from disposal of listed investments held-for-trading of HK\$2.4 million (2014: gross profit of HK\$29.1 million), a realised loss on bonds of HK\$33.7 million (2014: realised loss on bonds of HK\$140.3 million and realised gain on preference shares of HK\$1.2 million), an unrealised gain on fair value changes of listed securities and bonds of HK\$333.5 million (2014: unrealised loss of HK\$402.5 million) and dividend, interest income and other net investment income of HK\$570.9 million (2014: HK\$738.0 million). Net relevant finance costs for the Year was HK\$8.0 million (2014: net relevant finance income of HK\$10.7 million) including interest expense of HK\$17.3 million (2014: HK\$22.1 million) and exchange gain of HK\$9.3 million (2014: HK\$32.8 million).

Other Income and Expenses

Other income for the Year, which mainly came from net building management fee income, asset management and maintenance services income, property management services, leasing administration services and property administration services income, advisory and consultancy services income, rental services income and reversal of impairment in respect of other receivable and interest thereon, increased to HK\$134.9 million (2014: HK\$95.2 million), representing an increase of 41.7% as compared with last year.

During the Year, administrative expenses increased by 16.4% to HK\$344.8 million (2014: HK\$296.3 million), the increase was mainly due to the expenses incurred upon commencement of hotel operation in Chengdu. Finance costs decreased by 19.8% to HK\$316.9 million (2014: HK\$395.0 million) during the Year, including exchange gain of HK\$9.3 million (2014: HK\$32.8 million) on foreign currency loans hedged for foreign currency securities investments. Other expenses amounted to HK\$0.3 million (2014: HK\$122.1 million mainly consisted of interest on sales deposits repaid to promissory purchasers of presold property units under the La Scala project and pre-operating expenses incurred by the hotel in Chengdu).

Other gains and losses recorded a net gain of HK\$940.9 million mainly comprised (i) gain on the One Disposal of HK\$212.3 million and loss on the Silvercord Disposal of HK\$97.2 million (as disclosed in the paragraph “Disposals of Subsidiaries to Connected Persons” below); (ii) gain on the Chengdu Project Disposal of HK\$707.5 million; and (iii) gain on the Chongqing Project Disposal of HK\$118.4 million. For the year ended 31st December, 2014, other gains and losses recorded a net gain of HK\$2,912.4 million mainly comprised gain on the Moon Ocean Disposal of HK\$2,917.6 million.

Disposals of Subsidiaries to Connected Persons

- (a) As set out in the announcement of the Company dated 2nd September, 2014 and the circular of the Company dated 23rd September, 2014, (a) (i) Super Series, an indirect wholly-owned subsidiary of the Company; (ii) the Company, being the guarantor of Super Series; (iii) Fly High Target, a company wholly-owned by Mr. Joseph Lau; and (iv) Mr. Joseph Lau, being the guarantor of Fly High Target, entered into sale and purchase agreements, namely “Silvercord First SP Agreement” and “Silvercord Second SP Agreement”, pursuant to which Super Series agreed to sell and Fly High Target agreed to acquire the entire issued share capital of Brass Ring and Union Leader respectively, both are indirect wholly-owned subsidiaries of the Company; and (b) (i) CEL, a direct wholly-owned subsidiary of the Company; (ii) the Company, being the guarantor of CEL; (iii) Coast Field, a company wholly-owned by Mr. Joseph Lau; and (iv) Mr. Joseph Lau, being the guarantor of Coast Field, entered into a sale and purchase agreement, namely “Silvercord Third SP Agreement”, pursuant to which CEL agreed to sell and Coast Field agreed to acquire the entire issued share capital of CE Finance, an indirect wholly-owned subsidiary of the Company.

The Silvercord Disposal was completed on 13th January, 2015 at a total consideration of approximately HK\$7,656.1 million. Upon completion, the Silvercord Group ceased to be subsidiaries of the Company and its consolidated results, assets and liabilities were ceased to be consolidated with those of the Group.

Upon completion of the Silvercord Disposal, the Group recorded loss on disposals of subsidiaries of approximately HK\$97.2 million. The loss was mainly derived from the increase in fair value of the investment properties of HK\$93.2 million due to revaluation of the investment properties as at 31st December, 2014 (which is carried out in accordance with the Group’s accounting policies on revaluation of the Group’s investment properties as at reporting date) as compared with the property valuation under the sale and purchase agreements of the Silvercord Disposal dated 1st September, 2014.

- (b) As set out in the announcement of the Company dated 12th December, 2014 and the circular of the Company dated 7th January, 2015, (i) Rich Lucky, an indirect wholly-owned subsidiary of the Company; (ii) the Company, being the guarantor of Rich Lucky; (iii) Market Victory, a company wholly-owned by Mr. Joseph Lau; and (iv) Mr. Joseph Lau, being the guarantor of Market Victory, entered into a sale and purchase agreement pursuant to which Rich Lucky agreed to sell and Market Victory agreed to acquire the entire issued share capital of Asian East, an indirect wholly-owned subsidiary of the Company.

The One Disposal was completed on 15th July, 2015 at a consideration of approximately HK\$5,020.6 million. Upon completion, the One Group ceased to be subsidiaries of the Company and its consolidated results, assets and liabilities were ceased to be consolidated with those of the Group.

Upon completion of the One Disposal, the Group recorded gain on disposal of subsidiaries of approximately HK\$212.3 million. The gain was mainly derived from the decrease in fair value of the investment properties of HK\$215.0 million due to revaluation of the investment properties as at 30th June, 2015 (which is carried out in accordance with the Group's accounting policies on revaluation of the Group's investment properties as at reporting date) as compared with the property valuation under the sale and purchase agreement of the One Disposal dated 12th December, 2014.

Associates

The share of results of associates for the Year was a profit of HK\$649.7 million as compared to HK\$187.3 million for last year, the increase was mainly attributable to share of an associate's gain on disposal of subsidiaries (net of tax) of approximately HK\$514.1 million relating to the Shanghai Platinum Disposal for the Year (2014: nil).

Fair Value Changes on Investment Properties

Investment properties of the Group in Hong Kong and Mainland China were revalued at 31st December, 2015 by B.I. Appraisals Limited ("B.I. Appraisals") and Vigers Appraisal and Consulting Limited ("Vigers Appraisal") whereas the investment property in the United Kingdom was revalued by Peak Vision Appraisals Limited ("Peak Vision Appraisals"). B.I. Appraisals, Vigers Appraisal and Peak Vision Appraisals are independent property valuers. An increase in fair value on investment properties of HK\$4,689.2 million (2014: HK\$3,777.1 million) was recorded during the Year. The unrealised fair value changes will not affect the cash flow of the Group.

Profit, Core Profit, Dividends, Repurchase and Cash Payment Ratio

Profit

Profit attributable to owners of the Company for the Year was HK\$7,727.2 million as compared to HK\$8,744.9 million for last year. The decrease in profit for the Year was mainly arising from decline in attributable net rental income as a result of the Silvercord Disposal and the One Disposal in January 2015 and July 2015 respectively, decline in attributable property sale profit, no dividend income from the Group's investee company in respect of property development and trading and decline in net gain on disposals of subsidiaries, despite of increase in gain recognised on securities investments, increase of fair value gain on investment properties and share of gain on disposal of subsidiaries by an associate. Earnings per share for the Year was HK\$4.05 (2014: HK\$4.58).

Core Profit

The Group disposed of an investment property and certain investment properties through disposals of subsidiaries and associates during the Year, the costs of which are stated at fair value. Before disposal, such gain/loss on fair value change is unrealised and recognised at the end of each reporting period, but excluded from core profit as non-cash items. In the year of disposal, such unrealised gain/loss has become realised; and in computing core profit, accumulated fair value gain/loss from prior years and current year are included as cash items.

If the net gain on the major non-cash items of HK\$4,785.1 million (2014: HK\$3,877.4 million) are excluded, but the realised fair value changes together with their respective deferred tax on disposals of investment properties from the Group and its associates in current year recognised loss for the Year of HK\$154.6 million (2014: HK\$0.3 million) is retained and the accumulated realised fair value gain together with their respective deferred tax on disposals of investment properties from the Group and its associates recognised in prior years of HK\$13,843.7 million (2014: HK\$55.0 million) is included, the Group will have a core profit attributable to owners of the Company for the Year of HK\$16,785.8 million (2014: HK\$4,922.5 million) and a core earnings per share of HK879.9 cents (2014: HK258.0 cents), which were both 3.4 times to those in the year of 2014.

The major non-cash items represented the attributable unrealised fair value gain on investment properties together with their respective deferred tax from the Group and its associates of HK\$4,785.1 million (2014: HK\$3,877.4 million).

Dividends

Final dividend of HK1 cent (year ended 31st December, 2013: HK50 cents) per share in total amount of HK\$19.1 million for the year ended 31st December, 2014 was paid in cash on 5th June, 2015.

Special interim dividend of HK\$4 per share in total amount of HK\$7,630.5 million was paid in cash on 13th January, 2015.

Interim dividend of HK30 cents (half year ended 30th June, 2014: HK30 cents) per share in total amount of HK\$572.3 million for the half year ended 30th June, 2015 was paid in cash on 14th September, 2015.

Special interim dividends of HK\$2.6 per share in total amount of HK\$4,959.8 million and HK\$1.2 per share in total amount of HK\$2,289.1 million (2014: HK\$2.55 per share) were paid in cash on 15th July, 2015 and on 14th September, 2015 respectively.

Total dividends of HK\$15,470.8 million were paid in cash during the Year.

On 21st December, 2015, the Board declared a conditional special interim dividend of HK\$2 per share, which is conditional upon completion of the Pioneer Time Disposal. Subsequent to the end of the reporting period, the completion of the Pioneer Time Disposal took place on 15th January, 2016 and the payment of the conditional special interim dividend was made on 20th January, 2016 in total amount of HK\$3,815.2 million.

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\$16,785.8 million (2014: HK\$4,922.5 million) or HK879.9 cents (2014: HK258.0 cents) per share; (b) cash final dividend for the Year of HK1 cent (2014: HK1 cent) per share proposed; (c) cash special interim dividend of HK\$4 per share was paid during the Year; and (d) cash interim dividend for 2015 of HK30 cents (2014: HK30 cents) per share and cash special interim dividend of HK\$2.6 and HK\$1.2 (2014: HK\$2.55) per share were paid during the Year, the ratio of such cash payment to the core profit is 92.2% (2014: 110.9%).

Net Asset Value

As at 31st December, 2015, the Group's total net asset attributable to owners of the Company amounted to approximately HK\$40,247.6 million (2014: HK\$41,567.4 million), a decrease of HK\$1,319.8 million or 3.2% when compared with 2014. With the total number of ordinary shares in issue of 1,907,619,079 as at 31st December, 2015 and 2014, the net asset value per share attributable to owners of the Company was HK\$21.10 (2014: HK\$21.79). The movement in net asset value was mainly due to (a) total comprehensive income for the Year attributable to owners of the Company of HK\$6,520.6 million; and (b) final, interim and special interim dividends recognised as distribution during the Year totaling HK\$7,840.3 million.

There was no transaction on the listed equity securities investments categorised as available-for-sale investments for the Year. The carrying amounts of the listed equity securities investments reserve as at 31st December, 2015 and 2014 were nil.

Other than disposal of subsidiaries holding Windsor House (as disclosed in the section headed "Other Information and Events After the Reporting Period" below), the Pioneer Time Disposal (as disclosed in section headed "Assets Classified as Held for Sale/Liabilities Directly Associated with Assets Classified as Held for Sale" below), the commitment for investment in the Cayman Islands Partnership (as disclosed in the paragraph "Unlisted Securities Investments" below), acquisition of a property in the United Kingdom (as disclosed in the section headed "Other Information and Events After the Reporting Period" below), 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.

Securities Investments

Listed Securities Investments and Treasury Products

As at 31st December, 2014, the carrying amount of the listed securities investments and treasury products was HK\$5,128.8 million. During the Year, the portfolio was increased by a net purchase of HK\$5,971.2 million. After adding the fair value gain of HK\$333.5 million for the Year, the listed securities investments and treasury products portfolio of the Group became HK\$11,433.5 million as at 31st December, 2015 representing 18.1% of total assets, which formed part of the Group's cash management activities.

As at 31st December, 2015, the portfolio of HK\$11,433.5 million (2014: HK\$5,128.8 million) comprised (a) listed equity securities (investments held-for-trading) of HK\$364.2 million (2014: HK\$501.9 million) and (b) bonds (financial assets designated as at fair value through profit or loss) of HK\$11,069.3 million (2014: HK\$4,626.9 million).

Unlisted Securities Investments

The Group entered into a subscription agreement for commitment in contribution of US\$100.0 million (equivalent to approximately HK\$775.0 million) in the Cayman Islands Partnership. As at 31st December, 2015, the Group has invested US\$83.6 million (equivalent to approximately HK\$648.2 million) which was included in available-for-sale investments.

Assets Classified as Held for Sale/Liabilities Directly Associated with Assets Classified as Held for Sale

During the Year, Great System, an indirect wholly-owned subsidiary of the Company, and Shengyu entered into an equity and debt transfer agreement, pursuant to which Great System agreed to sell and Shengyu agreed to acquire the entire issued share capital of Pioneer Time.

The Pioneer Time Disposal was completed on 15th January, 2016 at a consideration of approximately HK\$12,448.3 million (after adjustment). As at 31st December, 2015, a deposit of HK\$1,250.0 million has been received by the Group and included in deposits and receipts in advance. As a result of the Pioneer Time Disposal, the assets and liabilities of Pioneer Time have been presented as assets classified as held for sale and liabilities directly associated with assets classified as held for sale respectively in the consolidated statement of financial position as at 31st December, 2015 in accordance with HKFRS 5.

Details of the Pioneer Time Disposal were set out in the announcement of the Company dated 12th November, 2015 and the circular of the Company dated 3rd December, 2015.

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, 2015 and 2014 were 1,907,619,079.

Debt and Gearing

As at 31st December, 2015, the Group's bank and other borrowings amounted to HK\$14,531.8 million (2014: HK\$16,548.9 million) (excluding bank borrowings presented as liabilities directly associated with assets classified as held for sale). Cash and deposits at banks amounted to HK\$2,849.8 million (2014: HK\$4,719.2 million) (excluding cash and deposits at banks presented as assets classified as held for sale), pledged deposits amounted to HK\$202.8 million (excluding pledged deposits presented as assets classified as held for sale) (2014: HK\$868.7 million) and net borrowings amounted to HK\$11,479.2 million (2014: HK\$10,961.0 million).

Total debt to equity ratio was 36.0% (2014: 39.7%) and net debt to equity ratio was 28.5% (2014: 26.3%), which are expressed as a percentage of total borrowings, and net borrowings, respectively, over the total equity of HK\$40,325.4 million (2014: HK\$41,652.6 million). The decrease in the total debt to equity ratio was mainly due to the decrease in borrowings. The increase in net debt to equity ratio was mainly due to the decrease in equity after payment of special interim dividends.

However, if the listed securities investments and treasury products of HK\$11,433.5 million (2014: HK\$5,128.8 million) are included, the net debt to equity ratio will be 0.1% (2014: 14.0%).

As at 31st December, 2015, the Group's bank and other borrowings of HK\$14,531.8 million (excluding bank borrowings presented as liabilities directly associated with assets classified as held for sale), 59.5%, 1.2% and 39.3% 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\$ (52.1%), US\$ (25.5%), Pound Sterling ("GBP") (19.2%), Singapore Dollar ("SGD") (2.8%) and Euro ("EUR") (0.4%). US\$, GBP, SGD and EUR investment securities were hedged

by US\$, GBP, SGD and EUR borrowings. The Group's bank and other borrowings in HK\$, US\$, SGD and EUR were carried at interest rates calculated mainly with reference to HIBOR/Prime rate/cost of funds; bank and other borrowings in GBP were effectively carried at fixed rate and with reference to cost of funds respectively. As at 31st December, 2015, about 81.1% of the Group's borrowings were on floating rate basis and 18.9% were on fixed rate basis. No hedging for interest rate is subsisted at the end of the reporting period.

Pledge of Assets

As at 31st December, 2015, the Group had pledged the following assets with their respective carrying amounts:

- (a) The Group's investment properties of approximately HK\$26,527.8 million (2014: HK\$44,156.9 million) (including investment properties presented as assets classified as held for sale), properties of HK\$505.5 million (presented as assets classified as held for sale) (2014: HK\$1,509.3 million), stock of properties of HK\$958.0 million (2014: nil) and time deposits of HK\$253.4 million (including time deposits presented as assets classified as held for sale) (2014: HK\$857.9 million) were pledged to the Group's bankers to secure general banking and loan facilities granted to the Group.
- (b) The Group's investments held-for-trading and bonds with carrying amounts of approximately HK\$11,433.5 million (2014: HK\$5,048.7 million) and cash deposits of HK\$8.6 million (2014: HK\$10.8 million) were pledged to the Group's financial institutions to secure margin and securities facilities granted to the Group in respect of securities transactions, of which approximately HK\$5,389.8 million (2014: HK\$1,713.7 million) was utilised as at 31st December, 2015 as borrowings due within one year.
- (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.

Repurchase Guarantee

As at 31st December, 2015, the repurchase guarantee no longer exist upon completion of the Chengdu Project Disposal.

Financial and Interest Income/Expenses

Interest income was included in revenue, other income and investment income (2014: included in revenue and investment income). Interest income for the Year was HK\$766.5 million, representing a slight increase of 3.7% over 2014 of HK\$739.0 million.

Finance costs included interest expenses on bank loans, other loans and amount due to a non-controlling shareholder; exchange difference on translation of foreign currency loans; and arrangement fee and facility and commitment fee expenses. Interest expenses for the Year amounted to HK\$290.0 million, representing a decrease of 23.7% over last year of HK\$380.3 million. Interest capitalised for the Year was HK\$68.3 million as compared to HK\$142.3 million for last year, the decrease in interest expenses and interest capitalised were mainly due to decrease in total borrowings following certain disposals of subsidiaries during the Year. The average interest rate over the year under review was 2.39% (2014: 2.53%), which was expressed as a percentage of total interest paid over the average total borrowings.

Remuneration Policies, Share Option Scheme and Share Award Scheme

As at 31st December, 2015, the Group employed a total of 582 staff in Hong Kong (2014: 624 staff) including about 269 staff (2014: 266 staff) employed under the estate management company in Hong Kong. Following the Chengdu Project Disposal, there was only 4 staff in the offices at Mainland China (2014: total 739 staff, which included about 197 staff of the estate management company and 370 staff of the hotel in Chengdu).

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.

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. No share was granted under the Share Award Scheme during the Year.

Mainland China and United Kingdom

Profit contribution from the Group’s investment in Mainland China (mainly included in gross profit, fair value changes on investment properties, share of results of associates and taxation) for the Year amounted to HK\$1,340.6 million (including gain on disposals of subsidiaries (as disclosed in the paragraph “Other Income and Expenses” above) and share of associate’s gain on disposal of subsidiaries (net of tax) (as disclosed in the paragraph “Associates” above)) (2014: HK\$155.2 million). RMB exchange loss included in other comprehensive expenses amounted to HK\$70.1 million related to subsidiaries and associates disposed of during the Year, the remaining foreign operations amounted to HK\$51.5 million. The Group’s net investment in Mainland China as at 31st December, 2015 amounted to HK\$1,772.9 million (2014: HK\$9,979.7 million) representing approximately 4.4% of the Group’s total equity.

Further, the Group’s investment property in the United Kingdom with carrying amount of GBP351.5 million as at 31st December, 2015 (equivalent to approximately HK\$4,037.1 million) (2014: GBP390.9 million (equivalent to approximately HK\$4,720.1 million)) contributed a loss of HK\$392.7 million (2014: profit of HK\$1,036.7 million) to the Group for the Year. As at 31st December, 2015, the Group’s net investment in the United Kingdom amounted to HK\$1,613.1 million (2014: HK\$2,078.5 million) representing approximately 4.0% of the Group’s total equity.

Listed Subsidiary

The Group did not own any listed subsidiary at the end of the reporting period.

Property Valuation

Property valuations in respect of the Group’s investment properties in Hong Kong and Mainland China have been carried out by B.I. Appraisals and Vigers Appraisal as at 31st December, 2015 and 2014, both are independent qualified professional valuers. For the investment property in the United Kingdom, the valuations as at 31st December, 2015 and 2014 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 2015 annual results.

The Group’s investment properties were valued at HK\$30,598.9 million (2014: HK\$48,917.2 million) (including those presented as assets classified as held for sale), an 17.1% increase over 2014 after adjusted for the additions and disposals of investment properties and those transfer to stock of properties during the Year. The increase in fair value of approximately HK\$4,689.2 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 of HK\$82.0 million (adjusted deferred tax of HK\$3.9 million) for the Year. Development properties and non-investment properties of the Group were stated at cost less impairment, if any, in these consolidated financial statements.

The increase in fair value of approximately HK\$4,689.2 million was mainly attributable to increase in fair value of MassMutual Tower and Harcourt House, while most of the remaining investment properties showed a decrease in fair value of properties in Hong Kong as a result of rental rates of certain retail business sectors have shown indications of reaching their peaks.

FINANCIAL INFORMATION

The financial information in this announcement does not constitute the Group’s consolidated financial statements for the Year, but represents an extract from those consolidated financial statements. The final results of the Group for the Year have been reviewed by the Audit Committee of the Company.

Scope of work of HLB Hodgson Impey Cheng Limited

The figures in respect of the preliminary announcement of the Group's results for the Year have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on the preliminary announcement.

BUSINESS REVIEW

Hong Kong Property Investment

Rentals from investment properties continued to be one of the major sources of our income. The overall occupancy rate of the Group's retail portfolio was 97.42% during the Year. The high occupancy rate is attributable to the prime locations of the majority of the Group's retail properties.

The Group's attributable overall gross rental income from Hong Kong including the performance of non wholly-owned properties was HK\$1,090.1 million for the Year, recorded a decrease of 35.23% as compared with last year. The rental income from retail portion recorded substantial decline of 50.80% while the non-retail portion recorded steady growth of 7.09%. The decline of rental income from retail portion is mainly due to the disposal of the companies holding Silvercord and The ONE in January 2015 and July 2015 respectively. Although Mainland China tourists' spending in Hong Kong is yet to be recovered and the local consumption demand was still weak, as the Group's retail properties located mainly in prime shopping areas and were highly praised and appreciated by tenants, therefore retail rents were generally raised. However, rental rates for certain retail business sectors have shown the indications of reaching their peaks.

During the Year, the average occupancy rate of the shops of Causeway Place was approximately 85.82% excluding those disposed of.

The overall rental income of Windsor House was raised 5.24% for the Year as compared with last year. During the Year, its average occupancy rate was approximately 93.85%. Windsor House provides shoppers a cozy shopping environment with a diversified trade mix. Various marketing and promotion activities are held in Windsor House from time to time which boost shoppers' flow and thus increase tenants' business turnover. As a result, Windsor House recorded steady rental growth and high occupancy rate.

Olympian City 3 (25% interest), the retail mall in The Hermitage residences in West Kowloon, the average occupancy rate was approximately 99.59% during the Year.

Coronation Circle (15% interest), the retail mall in The Coronation residences in West Kowloon, the average occupancy rate was approximately 60.37% during the Year.

The occupancy rate for the Group's office properties maintained at a high level throughout the Year. During the Year, the average occupancy rates of Windsor House, MassMutual Tower and Harcourt House were approximately 95.61%, 99.65% and 99.38% respectively, bringing the approximate occupancy rate of the overall office portfolio to 97.93%.

In November 2015, the Group has entered into a disposal agreement to dispose the company holding MassMutual Tower and the transaction has completed in January 2016. In December 2015, the Group has entered into a disposal agreement to dispose the companies holding Windsor House, such transaction is expected to be completed in 2016.

Hong Kong Property Development

In general, the Group's development projects have been progressing satisfactorily.

No. 12 Shiu Fai Terrace, located in Mid-Levels East, is a traditional prestigious location for luxury residential project in Hong Kong. A luxury residential tower which provides a total residential gross floor area of around 40,726 square feet will be redeveloped. Superstructure work is in progress. Completion of the project is re-scheduled to the fourth quarter of 2016.

One South Lane is located in the Western District and enjoys close proximity to the HKU MTR Station. It will be redeveloped into a luxury residential/retail tower with a total gross floor area of around 41,353 square feet and consists of 92 residential units. Superstructure and fitting-out works are in progress. Completion of the project is tentatively scheduled for end of the second quarter of 2016. Since its pre-sales commenced in September 2014, 88 units were presold up to 31st December, 2015, representing 95.65% of total units.

The Group has a two-phase redevelopment project in Wanchai (87.5% interest) undertaken with the Urban Renewal Authority. All residential units of The Zenith (Phase I project) were sold. One WanChai (Phase II project with preservation of the core elements of Wanchai Market) is a residential/commercial complex development with total gross floor area of approximately 159,700 square feet which provides 237 residential units and retail properties. As at 31st December, 2015, all residential units of One WanChai were sold.

55 Conduit Road (70% interest) is a luxury residential development in Mid-Levels West with total residential gross floor area of around 87,800 square feet which provides 35 residential units. The occupation permit and the certificate of compliance were issued in March 2015 and November 2015 respectively and it has been launched in December 2015. As at 31st December, 2015, 11 units were presold, representing 31.43% of total units.

The Hermitage (25% interest) is one of the Group's joint venture development projects in West Kowloon. It comprises 6 residential tower blocks and provides in aggregate 964 residential units and retail properties with a total gross floor area of around 1,095,980 square feet. As at 31st December, 2015, 99.79% of total units were sold (2 units remaining).

The Coronation (15% interest) is another joint venture development project of the Group in West Kowloon. It comprises 6 residential tower blocks and provides in aggregate 740 residential units and retail properties with a total gross floor area of around 650,600 square feet. As at 31st December, 2015, 99.86% of total units were sold (1 unit remaining).

Kwun Tong Town Centre Project (Development Areas 2 and 3) (10% interest) is a joint venture development project of the Group awarded by the Urban Renewal Authority. Its total site area is approximately 234,160 square feet. Total gross floor area of around 1,853,561 square feet will be developed. Foundation work is in progress and the whole project is expected to be completed in the first quarter of 2021.

Mainland China Property Investment

During the Year, the 79 retail outlets with a total area of approximately 29,000 square feet in Lowu Commercial Plaza, Shenzhen were fully let out.

Evergo Tower, located at Central Huaihai Road in Shanghai, is a 21-storey office and shopping complex and has a gross floor area of around 263,708 square feet. The average occupancy rates of the office and retail spaces for the Year were approximately 78.06% and 95.40% respectively.

Hilton Beijing (50% interest), having 503 rooms, average occupancy rate was approximately 76.21% for the Year.

Oriental Place (50% interest), a 10-storey office building next to Hilton Beijing, average occupancy rate was approximately 97.88% for the Year.

In August 2015, an associate of the Group has entered into a sale and purchase agreement to dispose the company holding Platinum (50% interest) in Shanghai and the transaction was completed in September 2015.

Mainland China Property Development

In July 2015, the Group has disposed the companies holding the property projects known as Splendid City, The Metropolis and Chinese Estates Plaza, all located in Chengdu.

During the Year, the Group has disposed a company holding The Coronation (25% interest), a commercial and residential project located in Chongqing. Completion of the transaction occurred in October 2015.

Overseas Property Investment

River Court is a Grade A freehold office building situate at 116-129 Fleet Street, London, United Kingdom. It provides a total net internal area of approximately 431,324 square feet, together with certain car parking spaces. It was fully let out as of 31st December, 2015.

Securities Investments

The Group's strategy is to maintain securities investment portfolio for treasury management.

The gain recognised on securities investments for the Year was HK\$860.3 million. Details of the performance of securities investments are disclosed under "Financial Operation Review" of this announcement. The Group will continue to closely monitor its portfolio of securities investments to achieve satisfactory returns.

OTHER INFORMATION AND EVENTS AFTER THE REPORTING PERIOD

Disposal of a Subsidiary holding The ONE – Major and Connected Transaction

The Group has on 12th December, 2014 entered into a sale and purchase agreement in relation to, inter alia, disposal of a wholly-owned subsidiary of the Company that ultimately held the property known as The ONE located in Tsimshatsui, Hong Kong to the company wholly-owned by Mr. Joseph Lau, Luen-hung ("Mr. Joseph Lau"), a substantial shareholder and a controlling shareholder of the Company, at the final consideration of HK\$5,020,555,522.58 (the "Disposal Transaction"). The Disposal Transaction constituted a major and connected transaction of the Company under the Listing Rules and was approved by the independent shareholders of the Company ("Independent Shareholders") at the special general meeting of the Company held on 23rd January, 2015. The Disposal Transaction was completed on 15th July, 2015. Details of the Disposal Transaction were set out in the Company's announcement dated 12th December, 2014; circular dated 7th January, 2015; and announcements dated 15th July, 2015 and 13th August, 2015.

Disposal of Gemstar Tower Car Parking Spaces

On 23rd June, 2015, the Group has entered into a provisional agreement for sale and purchase in relation to, inter alia, disposal of the roof and 50 car parking spaces at Gemstar Tower, Hung Hom, Hong Kong held by the Group to an independent third party at a consideration of HK\$90,000,000. Completion of the disposal took place on 21st December, 2015.

Disposal of Subsidiaries holding Chengdu Projects – Discloseable Transaction

On 14th July, 2015, the Group has entered into an equity and debt transfer agreement in relation to, inter alia, disposal of the Company's wholly-owned subsidiaries that ultimately held, inter alia, the property projects located at Chengdu, People's Republic of China ("PRC") known as Splendid City, The Metropolis and Chinese Estates Plaza, together with an investment in a PRC partnership which was set up mainly for the purpose of long term capital investment, to an independent third party at a consideration of HK\$6,500,000,000 ("Chengdu Transaction"). Chengdu Transaction constituted a discloseable transaction of the Company under the Listing Rules. Details of Chengdu Transaction were set out in the announcement of the Company dated 14th July, 2015. Completion of Chengdu Transaction took place on 30th July, 2015.

Disposal of a Company holding Platinum by an Associate

An associate of the Group (50% interest) has on 7th August, 2015 entered into a sale and purchase agreement in relation to, inter alia, disposal of a company that ultimately held the office building namely Platinum located at Shanghai, PRC to an independent third party of the Company at a final consideration of US\$322,534,554. Completion of the disposal took place on 30th September, 2015.

Disposal of a Subsidiary holding Chongqing Project – Discloseable Transaction

On 19th October, 2015, the Group has entered into an equity and debt receivable transfer agreement in relation to, inter alia, disposal of the Company's wholly-owned subsidiary, which in turn owns 25% of the company that ultimately held the entire interests in the property project located at Chongqing, PRC known as The Coronation, to an independent third party at a consideration of HK\$1,750,000,000 ("Chongqing Transaction"). Chongqing Transaction constituted a discloseable transaction of the Company under the Listing Rules. Details of Chongqing Transaction were set out in the announcement of the Company dated 19th October, 2015. Completion of Chongqing Transaction took place on 27th October, 2015.

Disposal of a Subsidiary holding MassMutual Tower – Major Transaction

The Group has on 12th November, 2015 entered into an equity and debt transfer agreement in relation to, inter alia, disposal of a wholly-owned subsidiary of the Company that ultimately held the commercial property known as MassMutual Tower located in Wanchai, Hong Kong to an independent third party, at the final consideration of HK\$12,448,280,007.05 (the “MMT Transaction”). The MMT Transaction constituted a major transaction of the Company under the Listing Rules. The MMT Transaction was completed on 15th January, 2016. Details of the MMT Transaction were set out in the Company’s announcement dated 12th November, 2015; circular dated 3rd December, 2015; and announcement dated 15th January, 2016.

Disposal of a Residential Unit of 55 Conduit Road – Connected Transaction

As announced on 21st December, 2015, the Group accepted a tender submitted by Ms. Amy Lau, Yuk-wai, a non-executive director of the Company, to purchase a residential unit together with a car parking space of the Group’s luxury residential development located in Mid-Levels West, Hong Kong, namely 55 Conduit Road at the purchase price of HK\$124,118,000. The transaction constituted a connected transaction of the Company under the Listing Rules and is expected to be completed on or before 29th April, 2016.

Disposal of Subsidiaries holding Windsor House – Major and Connected Transactions

As announced on 23rd December, 2015, the Group has on 23rd December, 2015 entered into sale and purchase agreements, in relation to, inter alia, disposal of the wholly-owned subsidiaries of the Company that ultimately held the property known as Windsor House located in Causeway Bay, Hong Kong to the company wholly-owned by Mr. Joseph Lau at a consideration capped at HK\$12,010,000,000 in total (“Windsor Transactions”). Windsor Transactions constituted major and connected transactions of the Company under the Listing Rules and were approved by the Independent Shareholders at the special general meeting of the Company held on 2nd February, 2016. Details of Windsor Transactions were set out in the announcement of the Company dated 23rd December, 2015 and the circular of the Company dated 15th January, 2016. Completion shall take place on or before 31st December, 2016.

Acquisition of a Property in the United Kingdom

In March 2016, the Group has entered into a sale and purchase agreement with an independent third party to acquire a freehold property situate at 12/14 St. George Street, Mayfair, London at a consideration of GBP121,700,000. Completion of the acquisition shall take place on or before 15th April, 2016.

PROSPECTS

The economy recovery in the United States continues to be modest with the support of strengthening housing and labour markets. With the modest interest rate increment, it is expected that the domestic demand in the United States will be on the right track of steadily growth. Meanwhile, despite the unprecedented amounts of monetary stimulus, the recovery of the European countries is slowing and inflation is retreating. It is expected that stimulus will be expanded to counter the risk of low inflation in the European countries and it is hoped that the global economy will continue to recover in the times ahead.

The supply of residential units in Hong Kong is rising and it is inevitable that the local market price for the residential sector is under pressure. The Group’s properties under development held for sale are located at good hillside location. As the demand for certain local high-end housing sectors should remain solid, the Group believes that the pressure could be reduced and the Group is optimistic in its property development business in Hong Kong. On the other hand, the performance of certain retail business sectors has shown indications of reaching their peaks, especially the tourists-related businesses. Although the Group’s well-located retail investment properties in Hong Kong leased well during the Year, the Group will continue to closely monitor the changes in local consumption patterns, refine its tenant mix, boost customer flow and spending for its retail investment properties by organising various marketing and promotional activities. The Group remains cautiously optimistic in the rental income growth from its retail investment properties.

Subsequent to the disposal of the company holding MassMutual Tower in January 2016, contribution of rental income from MassMutual Tower to the Group in year 2016 will be significantly lowered. Meanwhile, it is expected that the disposal of the companies holding Windsor House will be completed in year 2016. As a result, rental contribution from Windsor House to the Group in year 2016 will be maintained to such extent right up

before completion of disposal. As announced, part of the sale proceeds from the disposal transaction of MassMutual Tower had been distributed as conditional special interim dividend, and it is expected that majority part of the sale proceeds from the disposal of companies holding Windsor House will be declared as dividend. The respective gain/loss from the disposal of MassMutual Tower and Windsor House will be recorded in year 2016. With the sustained demand for quality commercial premises in key locations, especially from Mainland Chinese enterprises, the Group expects the leasing performance of remaining office investment properties will continue to grow.

With the implementation of economic transition, the economy in Mainland China is more reliant on household consumption and services. Domestic consumption's contribution to Mainland China's GDP and total retail sales of consumer goods have been increasing. Despite the economic growth has slowed down in Mainland China, the "One Belt and One Road" policy will promote economic growth and sustainable development. It is believed that the economy in Mainland China is making headway its transformation to a more sustainable growth model and the fundamentals of Mainland China's economy remain strong. The Group expects retail and office investment properties in Mainland China will continue to lease well and will provide steady rental income. The Group will consider realising its property interests in Mainland China if good opportunity arises.

River Court, the Group's investment property in London, will continue making contributions through stable return. The Group has in March 2016 entered into a contract to acquire another investment property in London.

The Group will remain skeptically proactive and continue to monitor the property markets of Hong Kong, Mainland China and overseas closely, and may replenish its land bank and identify potential acquisition targets to expand its investment property portfolio at opportune times.

CORPORATE GOVERNANCE

Throughout the Year, the Company had applied the principles and complied with the code provisions and certain recommended best practices set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules, except the following deviations:-

Code Provision A.1.8 – Directors' Insurance

The insurance policy had not been renewed upon its expiry in August 2012 due to the substantial increase in premium. During the Year, the Company had obtained competitive premium quotations. Insurance policy has been re-arranged in January 2016.

Code Provision A.2.1 – Chairman and Chief Executive

During the Year, Mr. Lau, Ming-wai acted as both the chairman of the Board (the "Chairman") and the Chief Executive Officer ("CEO") until 31st October, 2015. The Board considered that this structure would not impair the balance of power and authority of the Board. Following the resignation of Mr. Lau, Ming-wai as the CEO on 1st November, 2015, Ms. Chan, Sze-wan was appointed as the CEO. The roles of the Chairman and the CEO have been separated since 1st November, 2015 and their respective roles and responsibilities were set out in writing.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms without deviation from the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the "Model Code"). All Directors, after specific enquiries by the Company, confirmed that they had complied with the required standard set out in the Model Code and the said code of conduct during the Year.

The Company has also adopted a code of conduct regarding securities transactions by relevant employees on terms no less exacting than the required standard set out in the Model Code. All the relevant employees (the "Relevant Employees") who, because of office or employment, are likely to be in possession of unpublished inside information in relation to the Group's securities had been requested to follow such code when dealing in the securities of the Company. All Relevant Employees, after specific enquiries by the Company, confirmed that they had complied with the required standard set out in the said code during the Year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

APPRECIATION

We would like to take this opportunity to express our gratitude to the shareholders for their continuing support. We would also like to express our sincere thanks to all staff members for their dedication and hard work.

On behalf of the Board
Lau, Ming-wai
Chairman

Hong Kong, 15th March, 2016

As at the date of this announcement, the Board comprised Ms. Chan, Sze-wan, Ms. Chan, Lok-wan and Mr. Lam, Kwong-wai as Executive Directors, Mr. Lau, Ming-wai and Ms. Amy Lau, Yuk-wai as Non-executive Directors, and Mr. Chan, Kwok-wai, Ms. Phillis Loh, Lai-ping and Mr. Ma, Tsz-chun as Independent Non-executive Directors.

Website: <http://www.chineseestates.com>

This results announcement is published on the website of the Company (<http://www.chineseestates.com>) and the HKExnews website (<http://www.hkexnews.hk>).

Results Highlights will also be posted on the Company's website on 15th March, 2016.