

I am pleased to present the results of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2015 (the "Year") to the shareholders of the Company.

RESULTS

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 disposals of the Company's wholly-owned subsidiaries that ultimately held the properties known as Silvercord and The ONE 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 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).

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).

本人欣然向本公司之股東呈報本公司及其附屬公司（「本集團」）截至二零一五年十二月三十一日止年度（「本年度」）之業績。

業績

本公司擁有人於本年度的應佔溢利為7,727,200,000港元，相比去年為8,744,900,000港元。本年度之溢利減少主要由於本公司於二零一五年一月及二零一五年七月分別出售最終持有名為新港中心及The ONE之物業之全資擁有附屬公司後引致應佔租金收入淨額下降、應佔物業銷售溢利下降、並無來自本集團有關物業發展及買賣之接受投資公司之股息收入及出售附屬公司之收益淨額下降，儘管證券投資之確認收益上升、投資物業之公平值收益增加及攤佔聯營公司有關出售附屬公司之收益。本年度之每股盈利為4.05港元（二零一四年：4.58港元）。

如撇除主要非現金項目收益淨額4,785,100,000港元（二零一四年：3,877,400,000港元），但保留本集團及其聯營公司就出售投資物業於本年度確認已變現公平值變動連同其相關之遞延稅項之虧損為154,600,000港元（二零一四年：300,000港元）及計入本集團及其聯營公司就出售投資物業於過往年度確認之累積已變現公平值收益連同其相關之遞延稅項共13,843,700,000港元（二零一四年：55,000,000港元），本集團將錄得本公司擁有人應佔本年度之核心溢利16,785,800,000港元（二零一四年：4,922,500,000港元）及每股核心盈利為879.9港仙（二零一四年：258.0港仙），兩者均為二零一四年之3.4倍。

主要非現金項目乃指來自本集團及其聯營公司之應佔投資物業之未變現公平值收益連同其相關之遞延稅項共4,785,100,000港元（二零一四年：3,877,400,000港元）。

DIVIDENDS

During the Year, the board of directors of the Company (the "Directors" or 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 wholly-owned 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.

股息

於本年度內，本公司董事會（「董事」或「董事會」）已支付中期股息每股30港仙（派息日：二零一五年九月十四日）（二零一四年：每股30港仙）及特別中期股息（i）每股4港元（派息日：二零一五年一月十三日）、（ii）每股2.6港元（派息日：二零一五年七月十五日）及（iii）每股1.2港元（派息日：二零一五年九月十四日）（二零一四年：每股2.55港元）；及宣派附有條件之特別中期股息每股2港元，於二零一六年一月出售交易成交後派付（派息日：二零一六年一月二十日）。由於本公司在本年度內已派付優厚之中期股息，董事會建議派發本年度之象徵性末期股息每股1港仙（「末期股息」）（二零一四年：每股1港仙）。

待股東於本公司將於二零一六年五月十九日舉行之應屆股東週年大會（「二零一六年股東週年大會」）上批准，股息單將於二零一六年六月六日或前後寄發予於二零一六年五月二十六日名列本公司股東名冊之股東。

誠如本公司日期為二零一六年一月十五日之通函，董事會或會就預期有關（其中包括）出售最終持有名為皇室大廈之物業之全資擁有附屬公司之主要及關連交易完成（將於二零一六年十二月三十一日或之前），視乎本集團當時之財務及現金流狀況，宣派及以現金支付一次或多次特別中期股息。

CLOSURE OF REGISTER OF MEMBERS

暫停辦理股東登記手續

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:

為確定股東出席二零一六年股東週年大會並於會上投票的資格，及獲派建議末期股息的權利，本公司將分別於下列期間暫停辦理股東登記手續：

(1) For ascertaining eligibility to attend and vote at the 2016 AGM:

(1) 為確定出席二零一六年股東週年大會並於會上投票的資格：

Latest time to lodge transfers documents for registration 交回股份過戶文件以作登記的最後時限	13.5.2016 16:30
Closure of register of members 暫停辦理股東登記手續	16.5.2016 – 19.5.2016 (both days inclusive) (包括首尾兩天)

(2) For ascertaining entitlement to the recommended Final Dividend:

(2) 為確定獲派建議末期股息的權利：

Latest time to lodge transfers documents for registration 交回股份過戶文件以作登記的最後時限	24.5.2016 16:30
Closure of register of members 暫停辦理股東登記手續	25.5.2016 – 26.5.2016 (both days inclusive) (包括首尾兩天)
Record date 記錄日期	26.5.2016

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.

為符合資格出席二零一六年股東週年大會並於會上投票，及獲派建議末期股息，所有填妥的股份過戶文件連同有關股票必須於上述分別指明的最後時限前送達本公司於香港之過戶登記分處香港中央證券登記有限公司，地址為香港灣仔皇后大道東183號合和中心17樓1712-1716號舖。

BUSINESS MODEL AND STRATEGIES

The Group is one of the leading property developers in Hong Kong and its core businesses comprise property investments for rental and property development for sale as well as securities investments.

The Group aims at enhancing value and recurrent revenue of investment properties through conceptualising and implementing redevelopment, renovation works and repackaging programmes for properties as well as actively managing a balanced tenant mix for retail properties to achieve long-term sustainable growth.

The Group specialises in developing high-end and luxury residential properties in prime locations in Hong Kong; and enjoying profit contribution and cash inflow from property sales to achieve long-term sustainable growth and developing a brand name in the market.

In Mainland China, the Group invested in office properties, shopping arcades and hotel business in the prestigious areas to generate stable and recurrent rental income.

Other than property investment and development in Hong Kong and/or Mainland China, the Group is actively grasping the opportunities for acquiring properties in the United Kingdom.

The Group continues its strategy in quality partnerships with property developers or other parties to the extent commercially feasible and beneficial to the Group's development.

Apart from the aforesaid, the Group has conducted variety of securities investment business, such as equity investments, debt investments and other treasury products, with the aim to yield enhancement for treasury management.

The Group believes that the stable rental income from its investment properties, together with the property development and trading as well as securities investment, forms a diversified cash flow stream which allows the Group to weather the cyclicity of the property business.

業務模式及策略

本集團是香港主要地產發展商之一，其核心業務包括投資物業的租賃、銷售發展物業及證券投資。

本集團致力透過物業重建、翻新及改造工程以提升旗下投資物業之價值及增加經常性收益。本集團亦積極管理及平衡零售物業租戶組合，以達致長期及可持續增長。

在香港，本集團擅長於優質地段發展高級及豪華住宅物業，使集團能享受來自物業銷售的盈利貢獻和現金流入，從而達致長期性持續增長及於市場上建立品牌。

於中國內地，本集團持有位於優質地區的寫字樓、購物商場及酒店業務之投資，以獲得穩定及經常性租金收入。

除了於香港及／或中國內地的物業投資及發展，本集團正積極物色機會收購位於英國之物業。

本集團秉持其策略，在商業上可行及有利於本集團發展之情況下與發展商或其他人士建立優質夥伴關係。

除上述所指外，本集團亦進行各種證券投資業務，如股本投資、債務投資及其他財資產品，為財資管理謀求增益。

本集團相信，投資物業之穩定租金收入，連同物業發展及買賣以及證券投資形成了多元化的現金流，使本集團能抵禦地產業務之週期性。

MANAGEMENT DISCUSSION AND ANALYSIS

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 was 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 was 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.

管理層討論與分析

香港物業投資

投資物業之租金仍然是本集團之主要收入來源之一。本集團之零售物業組合於本年度內之整體出租率為97.42%。高出租率與本集團大部分零售物業位於優質地段有關。

於本年度，本集團在香港之應佔整體租金收入（包括非全資擁有物業之表現）為1,090,100,000港元，較去年減少35.23%。零售部分租金收入顯著下降，錄得50.80%跌幅，而非零售部分租金收入則錄得7.09%之平穩增長。零售部分租金收入下降主要與本集團於二零一五年一月及二零一五年七月分別出售持有新港中心及The ONE之公司有關。儘管內地訪港旅客於本港之消費仍有待復甦及本地消費依然疲弱，由於本集團之零售物業主要位於購物旺區，深受租戶歡迎，零售租金普遍上揚。然而，若干零售物業之租金已有見頂之跡象。

於本年度內，銅鑼灣地帶之商舖（撇除已售出之商舖）之平均出租率約為85.82%。

皇室大廈於本年度之整體租金收入較去年上升5.24%。於本年度內，其平均出租率約為93.85%。皇室大廈為購物人士提供舒適的購物環境及具多元化的商戶組合。皇室大廈不時舉辦不同的宣傳及推廣活動，提升購物人流，使租戶之營業額增加。皇室大廈因而錄得平穩之租金增長及高出租率。

奧海城三期（佔25%權益），位於西九龍帝峯•皇殿住宅之商場，於本年度內之平均出租率約為99.59%。

中港薈（佔15%權益），位於西九龍御金•國峯住宅之商場，於本年度內之平均出租率約為60.37%。

MANAGEMENT DISCUSSION AND ANALYSIS

(Cont'd)

Hong Kong Property Investment (Cont'd)

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 entered into a disposal agreement to dispose the company holding MassMutual Tower and the transaction was completed in January 2016. In December 2015, the Group 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.

管理層討論與分析 (續)

香港物業投資 (續)

本集團辦公室物業於本年度之出租率維持於高水平。於本年度內，皇室大廈、美國萬通大廈及夏慤大廈之平均出租率分別約為95.61%、99.65%及99.38%，使整體辦公室物業組合出租率達約97.93%。

於二零一五年十一月，本集團訂立一份出售協議以出售持有美國萬通大廈之公司，而該交易已於二零一六年一月完成。於二零一五年十二月，本集團訂立一份出售協議以出售持有皇室大廈之公司，預期該交易將於二零一六年完成。

香港物業發展

整體而言，本集團各個發展項目進展理想。

肇輝臺12號位於半山區東部香港傳統豪宅項目地段，位置優越。將重建為一座豪華住宅大樓，可提供總住宅樓面面積合共約40,726平方呎，現正進行上蓋建築工程。項目重訂於二零一六年第四季竣工。

南里壹號位於西區毗鄰香港大學港鐵站。將重建為一座豪華住宅／零售大樓，總樓面面積合共約41,353平方呎，由92個住宅單位組成。上蓋建築及裝修工程現正進行。項目暫訂於二零一六年第二季季尾竣工。自二零一四年九月開始預售以來，截至二零一五年十二月三十一日止已預售88個單位，相當於單位總數之95.65%。

本集團擁有一項與市區重建局合作位於灣仔合共兩期之重建項目（佔87.5%權益）。尚翹峰（第一期項目）之所有住宅單位經已售出。壹環（第二期項目涉及保留灣仔街市核心部分）為一項住宅／商業綜合發展項目，總樓面面積合共約159,700平方呎，提供237個住宅單位及零售商舖。於二零一五年十二月三十一日，壹環之所有住宅單位已售出。

MANAGEMENT DISCUSSION AND ANALYSIS

(Cont'd)

Hong Kong Property Development (Cont'd)

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.

管理層討論與分析 (續)

香港物業發展 (續)

傲珀 (佔70%權益) 為位於半山區西部的豪華住宅發展項目，總住宅樓面面積合共約87,800平方呎，提供35個住宅單位。該項目已於二零一五年三月及二零一五年十一月分別獲發入伙紙及滿意紙，並已於二零一五年十二月開售。於二零一五年十二月三十一日，已預售11個單位，相當於單位總數之31.43%。

帝峯•皇殿 (佔25%權益) 為本集團其中一項位於西九龍的合營發展項目。該項目由6座住宅大廈組成，提供合共964個住宅單位及零售商舖，總樓面面積合共約1,095,980平方呎。於二零一五年十二月三十一日，已售出之單位總數為99.79% (餘下2個單位未售出)。

御金•國峯 (佔15%權益) 為本集團另一項位於西九龍的合營發展項目。該項目由6座住宅大廈組成，提供合共740個住宅單位及零售商舖，總樓面面積合共約650,600平方呎。於二零一五年十二月三十一日，已售出之單位總數為99.86% (餘下1個單位未售出)。

觀塘市中心計劃第二及第三發展區項目 (佔10%權益) 為本集團獲市區重建局批予發展之合營發展項目。地盤面積合共約為234,160平方呎，將發展之總樓面面積合共約1,853,561平方呎。現正進行地基工程，預期整個項目將於二零二一年第一季竣工。

中國內地物業投資

於本年度內，深圳市羅湖商業城79個零售商舖 (面積合共約29,000平方呎) 全數租出。

愛美高大廈位於上海市淮海中路，為一幢樓高21層的辦公及商場綜合樓，建築面積約263,708平方呎。辦公及商場面積於本年度之平均出租率，分別約為78.06%及95.40%。

MANAGEMENT DISCUSSION AND ANALYSIS

(Cont'd)

Mainland China Property Investment (Cont'd)

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 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 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 annual report. The Group will continue to closely monitor its portfolio of securities investments to achieve satisfactory returns.

管理層討論與分析 (續)

中國內地物業投資 (續)

北京希爾頓酒店 (佔50%權益) · 設有503個客房 · 於本年度之平均入住率約為76.21%。

東方國際大廈 (佔50%權益) · 為北京希爾頓酒店側的一幢樓高10層辦公樓 · 於本年度之平均出租率約為97.88%。

於二零一五年八月 · 本集團之聯營公司訂立一份買賣協議以出售持有位於上海之新茂大廈 (佔50%權益) 之公司 · 而該交易已於二零一五年九月完成。

中國內地物業發展

於二零一五年七月 · 本集團已出售持有名為華置 · 西錦城 · 華置 · 都匯華庭及華置廣場之物業項目之公司 · 所有項目均位於成都市。

於本年度內 · 本集團已出售一間持有御龍天峰 (佔25%權益) (位於重慶市之商住項目) 之公司 · 該交易於二零一五年十月完成。

海外物業投資

River Court為一幢位於英國倫敦Fleet Street 116-129號之永久業權甲級寫字樓 · River Court提供總室內淨面積約431,324平方呎 · 連同若干泊車位 · 於二零一五年十二月三十一日 · 所有單位均獲承租。

證券投資

本集團的策略是維持證券投資組合的財資管理。

本年度證券投資之確認收益為860,300,000港元 · 證券投資表現之詳情在本年報財務業務回顧內披露 · 本集團將繼續密切監察其證券投資組合 · 以取得令人滿意的回報。

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 approximately HK\$5,020.6 million (“The ONE Transaction”). The ONE Transaction constituted a major and connected transaction of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 ONE Transaction was completed on 15th July, 2015. Details of the The ONE 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 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\$90.0 million. Completion of the disposal took place on 21st December, 2015.

Disposal of Subsidiaries holding Chengdu Projects – Discloseable Transaction

On 14th July, 2015, the Group 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\$6,500.0 million (“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.

其他資料及報告期末後事項

出售持有The ONE之附屬公司—主要及關連交易

本集團於二零一四年十二月十二日訂立一份買賣協議，內容有關（其中包括）出售一間最終持有位於香港尖沙咀名為The ONE之物業之本公司全資擁有附屬公司予由劉鑾雄先生（「劉鑾雄先生」）（本公司之主要股東及控股股東）全資擁有之公司，最終代價約為5,020,600,000港元（「The ONE交易」）。根據香港聯合交易所有限公司證券上市規則（「上市規則」），The ONE交易構成本公司之主要及關連交易，並獲本公司獨立股東（「獨立股東」）於二零一五年一月二十三日舉行之本公司股東特別大會上批准。The ONE交易於二零一五年七月十五日完成。有關The ONE交易之詳情載列於本公司日期為二零一四年十二月十二日之公布；二零一五年一月七日之通函；及二零一五年七月十五日及二零一五年八月十三日之公布內。

出售駿昇中心車位

於二零一五年六月二十三日，本集團訂立一份臨時買賣協議，內容有關（其中包括）出售由本集團持有位於香港紅磡駿昇中心之天台及50個車位予獨立第三方，代價為90,000,000港元。該出售於二零一五年十二月二十一日完成。

出售持有成都項目之附屬公司—須予披露交易

於二零一五年七月十四日，本集團訂立一份股權及債權轉讓協議，內容有關（其中包括）出售（其中包括）多間最終持有位於中華人民共和國（「中國」）成都市名為華置•西錦城、華置•都匯華庭及華置廣場之物業項目以及一項於中國合夥企業的投資（其成立目的主要為長期資本投資）之本公司全資擁有附屬公司予獨立第三方，代價為6,500,000,000港元（「成都交易」）。根據上市規則，成都交易構成本公司之須予披露交易。有關成都交易之詳情載列於本公司日期為二零一五年七月十四日之公布內。成都交易於二零一五年七月三十日完成。

OTHER INFORMATION AND EVENTS AFTER THE REPORTING PERIOD (Cont'd)

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 approximately US\$322.5 million. 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 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\$1,750.0 million ("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 approximately HK\$12,448.3 million ("MMT Transaction"). MMT Transaction constituted a major transaction of the Company under the Listing Rules. MMT Transaction was completed on 15th January, 2016. Details of 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.

其他資料及報告期末後事項 (續)

聯營公司出售持有新茂大廈之公司

本集團之聯營公司(佔50%權益)於二零一五年八月七日訂立一份買賣協議,內容有關(其中包括)出售一間最終持有位於中國上海市名為新茂大廈之辦公樓之公司予本公司之獨立第三方,最終代價約為322,500,000美元。該交易於二零一五年九月三十日完成。

出售持有重慶項目之附屬公司—須予披露交易

於二零一五年十月十九日,本集團訂立一份股權及應收債權轉讓協議,內容有關(其中包括)出售本公司之全資擁有附屬公司予獨立第三方,而該附屬公司持有另一間公司25%之權益,後者最終持有位於中國重慶市名為御龍天峰之物業項目之全部權益,代價為1,750,000,000港元(「重慶交易」)。根據上市規則,重慶交易構成本公司之須予披露交易。有關重慶交易之詳情載列於本公司日期為二零一五年十月十九日之公布內。重慶交易於二零一五年十月二十七日完成。

出售持有美國萬通大廈之附屬公司—主要交易

本集團於二零一五年十一月十二日訂立一份股權及債權轉讓協議,內容有關(其中包括)出售一間最終持有位於香港灣仔名為美國萬通大廈之商用物業之本公司全資擁有附屬公司予獨立第三方,最終代價約為12,448,300,000港元(「美國萬通大廈交易」)。根據上市規則,美國萬通大廈交易構成本公司之主要交易。美國萬通大廈交易於二零一六年一月十五日完成。有關美國萬通大廈交易之詳情載列於本公司日期為二零一五年十一月十二日之公布;二零一五年十二月三日之通函;及二零一六年一月十五日之公布內。

OTHER INFORMATION AND EVENTS AFTER THE REPORTING PERIOD (Cont'd)

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\$12,010.0 million 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 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 GBP121.7 million. Completion of the acquisition shall take place on or before 15th April, 2016.

其他資料及報告期末後事項 (續)

出售琥珀住宅單位 – 關連交易

誠如二零一五年十二月二十一日發出之公布，本集團接納劉玉慧女士（本公司之非執行董事）就認購本集團位於香港半山區西部名為琥珀的豪華住宅發展項目之一個住宅單位連同一個私家車車位提交之標書，認購價為124,118,000港元。根據上市規則，該交易構成本公司之關連交易。預期該交易將於二零一六年四月二十九日或之前完成。

出售持有皇室大廈之附屬公司 – 主要及關連交易

誠如二零一五年十二月二十三日發出之公布，本集團於二零一五年十二月二十三日訂立買賣協議，內容有關（其中包括）出售最終持有位於香港銅鑼灣名為皇室大廈之物業之本公司全資擁有附屬公司予由劉鑾雄先生全資擁有之公司，代價之上限合共為12,010,000,000港元（「皇室大廈交易」）。根據上市規則，皇室大廈交易構成本公司之主要及關連交易，並獲獨立股東於二零一六年二月二日舉行之本公司股東特別大會上批准。有關皇室大廈交易之詳情載列於本公司日期為二零一五年十二月二十三日之公布；及本公司日期為二零一六年一月十五日之通函內。皇室大廈交易將於二零一六年十二月三十一日或之前完成。

收購英國物業

於二零一六年三月，本集團與獨立第三方訂立一份買賣協議，收購位於倫敦Mayfair·St. George Street 12/14號之永久業權物業，代價為121,700,000英鎊。收購事項將於二零一六年四月十五日或之前完成。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUES

The Group is aware of the importance of corporate social responsibility and considers the fundamental success of corporate development is attaching to corporate social responsibility.

Employment and Staff Care

The Group considers its employees as its important asset and strives to attract and retain the best people for the sustainable growth of the Group.

As a caring company, the Group provides equal opportunity to employees and prohibits discrimination on the basis of personal characteristic. In order to sustain a safe, fair and respectful environment to employees, the Group had established code of practices for employees.

The Group is committed to providing a fair and competitive remuneration package in the form of basic salary, incentive pay (discretionary bonus), mandatory and voluntary provident funds, and other fringe benefits, such as healthcare benefits (including medical insurance, personal accident insurance and employee compensation), paid leave for various purposes (including annual leave, maternity leave, paternity leave, marriage leave, sick leave, examination leave and compassionate leave), and education and training sponsorship.

Besides, employees are encouraged to have a good balance among work, health and social activities which has been supported by adopting a five-day workweek and arranging early release from work for festivals. During the Year, the Group arranged a parent-child activity relating to organic farming. The aims of the activity are to encourage parents and child to experience green life through organic agriculture, to encourage employees the participation of extracurricular activity with family members as well as to advance parent-child activity.

Moreover, the Group's annual dinner is one of its most important functions where the management and employees can meet together in a relaxed circumstance. During the annual dinner, employees who have completed at least 10 consecutive years of services will be given long service awards in recognition of their commitment and loyalty; employees who have participated the community services or volunteer activities for more than 10 hours in the Year will also be awarded by the Group in recognition of their commitment and contribution.

環境、社會及管治事項

本集團知悉企業社會責任極為重要，認為企業社會責任是企業發展成功的基石。

僱傭與員工關懷

本集團認為僱員為其最重要資產，一直致力吸引並留效最佳人才，為本集團帶來可持續增長。

作為關懷員工的公司，本集團為僱員提供平等機會，嚴禁個人特質歧視。為向僱員提供安全、公平及尊重他人的環境，本集團已制訂僱員常規守則。

本集團致力提供公平及具競爭力的薪酬待遇，薪酬待遇包括基本薪金、獎勵（酌情花紅）、強制性及自願性公積金以及其他額外福利，如醫療福利（包括醫療保險、個人意外保險及僱員補償）、各種有薪假期（包括年假、產假、侍產假、婚假、病假、考試假及恩恤假）以及教育及培訓贊助。

此外，為鼓勵員工在工作、健康和社會活動各方面取得理想平衡，本集團已採納每週五天工作制，並為慶祝節日安排提早下班。於本年度，本集團安排有機種植親子活動。是次活動旨在鼓勵父母與孩子透過有機農務一同體驗綠色生活，鼓勵員工與家人共同參與工餘活動，以及促進親子活動。

再者，本集團的週年晚宴是其最重要的活動之一，管理層和員工可以在輕鬆的環境下聚會。於週年晚宴上，完成最少連續十年服務的員工將獲頒發長期服務獎，以表揚他們的承擔和忠誠；員工如在年內參與社會服務或義務工作超過十小時，亦會獲得本集團嘉獎，表彰他們的努力和貢獻。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUES (Cont'd)

Health and Safety

The head office of the Group is located at one of the prime sites in Wanchai with easy accessibility to work with well developed traffic network throughout. The office is the self-managed property of the Group with rather spacious working environment that affords the employees a comfortable working place with good property management.

The Group emphasises to provide its employees a safety office for works all the time. Notices are displayed in all conspicuous positions in the workplace to highlight the action to be taken on discovering a fire.

The Group alerts the importance of the prevention of influenza. Over the past years, free influenza vaccinations were arranged for employees.

Operating Practices

The Group is committed to upholding high standards of business integrity, honesty and transparency in its business dealings and to respecting the rights and interests of customers.

The Group endeavours to comply with the Residential Properties (First-hand Sales) Ordinance, Chapter 621 of the laws of Hong Kong to protect purchasers' rights and interests all the time.

Community Involvement

The Group is committed to making a positive contribution to the communities in which it operates for all the time. During the Year, the Group continued to actively support meaningful activities in the community, and to encourage and promote volunteerism throughout the Group.

環境、社會及管治事項 (續)

健康與安全

本集團的總部設於灣仔主要地段，交通網絡完善，方便到達工作地點。辦公室地方寬敞，由本集團管理，物業管理優良，為員工提供舒適的工作場所。

本集團一直著重其員工時刻可在安全的辦公室工作。所有工作場所當眼位置均貼上告示，概述發現火警時應採取的行動。

本集團深悉預防流行性感冒的重要性。過去數年一直為僱員安排免費注射流感疫苗。

營運慣例

本集團致力於其業務往來中維持高水平的商業誠信、誠實和透明度，並尊重客戶權利和利益。

本集團竭力遵守最新推出的香港法例第621章《一手住宅物業銷售條例》，時刻保障買家權利和利益。

社區參與

本集團一向致力為業務所在社區積極貢獻。於本年度，本集團繼續積極支持各類有意義之社區活動，並繼續於集團內鼓勵和提倡義務工作。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUES (Cont'd)

Community Involvement (Cont'd)

The Company has formed a voluntary service team since 2007. The Group together with its staff and/or voluntary service team had participated in various community programmes, charitable fundraising activities and volunteer services for helping the communities in need, suffering people and children with special needs from time to time during the Year. The Group continues to participate in (among others) circulation of flag bags within the Group organized by Hong Kong Alzheimer's Disease Association, "Dress Pink Day" organised by Hong Kong Cancer Fund, "Pass-it-On" organised by Hong Kong Red Cross, "Oxfam Rice Event" organised by Oxfam Hong Kong, "Olympic 'Fun' Run" organised by Sports Federation & Olympic Committee of Hong Kong, China, "Standard Chartered Hong Kong Marathon – 'Run for Paralympians' Charity Programme" organised by Hong Kong Paralympic Committee & Sports Association for the Physically Disabled, "Hong Kong and Kowloon Walk for Millions" and "Dress Casual Day" organised by The Community Chest of Hong Kong, and "Skip-A-Meal" and "Used Book Recycling Campaign" organised by World Vision Hong Kong. During the Year, the Group had also participated in (among others) flag day organised by Ocean Park Conservation Foundation, Hong Kong and "AVS Walk & Run for Volunteering 2015" organised by Agency for Volunteer Service.

Moreover, the Group supports a barrier-free environment in the community. Certain premises of the Group (including shopping malls, commercial and residential properties) provide barrier-free access and facilities for people in need including persons with disabilities such as the installation of automatic door opening devices for the exit doors, the provision of wheelchair lending services and premises with disabled toilets.

The Company was awarded as "Caring Company", being the ninth consecutive year, by The Hong Kong Council of Social Service in recognition of our good corporate citizenship.

環境、社會及管治事項 (續)

社區參與 (續)

本公司自二零零七年起成立義工服務隊。本集團連同其員工及／或義工服務隊於本年度內不時參與各種社區項目、慈善籌款活動及義工服務，幫助社區內有需要或患病人士，以及需要特別照顧之兒童。本集團持續參與（其中包括）由香港認知障礙症協會舉辦並於集團內進行的旗袋傳遞活動，由香港癌症基金會舉辦之「粉紅服飾日」，由香港紅十字會舉辦之「愛心相連大行動」，由香港樂施會舉辦之「樂施米義賣大行動」，由中國香港體育協會暨奧林匹克委員會舉辦之「奧運日－奧運歡樂跑」，由香港殘疾人奧委會暨傷殘人士體育協會舉辦之「渣打香港馬拉松－『齊撐殘奧精英』」籌款活動，由香港公益金舉辦之「港島、九龍區百萬行」和「公益金便服日」，以及由香港世界宣明會舉辦之「饑饉一餐」和「舊書回收義賣大行動」。於本年度內，本集團亦參與（其中包括）由香港海洋公園保育基金舉辦之賣旗活動，以及由義務工作發展局舉辦之「AVS義行義跑『義』015」。

此外，本集團支持無障礙社區環境。本集團若干物業（包括商場、商業及住宅物業）提供無障礙通道和設施予有需要人士，包括殘疾人士，例如在出口設置自動門開啟裝置、提供輪椅借用服務及在物業裝設殘疾人士洗手間。

本公司已連續九年獲香港社會服務聯會嘉許為「商界展關懷」機構，以肯定其良好企業公民精神。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUES (Cont'd)

Environmental Protection

The Group advocates environmental protection. The Group continued to support World Wide Fund's global and local conservation efforts. The Group played a part in their "Earth Hour" by switching off the exterior and billboard lighting of certain properties under the Group for an hour on the night of 28th March, 2015.

The Group is also committed to minimising the adverse impact that its operations may have on the environment. The Group encourages double-sided printing in office in order to save trees. The Group also convenes meetings for directors/management who stay overseas by mean of telephone conference in order to minimize the carbon footprint from frequent overseas travel. The Group encourages reduction of light pollution by switching off the unnecessary lights after its office and shopping malls are closed. Traditional high energy consumption lights at shopping malls were replaced by LED lightings since 2014. Over the recent years, the Group's properties have been designed and/or constructed with green ideas and features by maximizing the use of natural renewable resources and recycled/green building material, minimizing the consumption of energy, and reducing construction and demolition waste in development projects.

The Group has undertaken a redevelopment project in Wanchai with the Urban Renewal Authority aiming to preserve the Old Wan Chai Market (the "Market"). The Market is a pre-war Bauhaus-style building constructed in 1937 and rated as a Grade III heritage building in Hong Kong. During the heritage conversion process, the Group adopted a "core elements preservation" strategy approved by local conservation bodies, which preserved the core and major components of the Market, including the entire exterior and facade, the interior structure, and part of its original appearance and successfully developed the site into a unique property development namely One WanChai, a residential/commercial complex with total gross floor area of approximately 159,700 square feet. Towering above a significant historical landmark, One WanChai is the first such redevelopment in Hong Kong and is well known as an iconic blending of heritage and modern architecture.

環境、社會及管治事項 (續)

環境保護

本集團提倡環境保護。本集團一直支持世界自然基金會的國際及本地保育事務。本集團參與了「地球一小時」熄燈活動，於二零一五年三月二十八日晚上關掉了本集團旗下若干物業之外牆照明及廣告版燈飾一小時。

本集團亦致力減少其業務所在可能對環境造成之不利影響。本集團鼓勵在辦公室使用雙面打印以拯救樹木。本集團亦為身處海外的董事／管理層召開電話會議，以減少頻繁外出造成的碳排放量。本集團之辦公室和商場在關門後會關閉不必要的燈光，以鼓勵減少光污染。自二零一四年起，本集團旗下商場以LED（發光二極管）照明取代傳統的高耗能燈具。近年的發展項目中，本集團在設計及／或構建物業時均會加入綠色理念和元素，以最大限度地運用天然可再生資源和再生／綠色建材，盡量減少能源消耗及建築廢料。

本集團與市區重建局合作進行位於灣仔之重建項目，旨在保育舊灣仔街市（「街市」）。街市建於一九三七年屬戰前包浩斯風格建築，並被評為香港三級文物建築。在翻新古跡的過程中，本集團採用了經本地環保機構批准的「保留核心要素」策略，保留了街市的核心和主要組成部分，包括整個外觀和正面、內部結構及其本來面貌的一部分，並成功發展成名為「壹環」的獨特住宅／商業綜合發展項目，總樓面面積合共約為159,700平方呎。壹環座落於重要歷史地標之上，創下香港重建項目先河。壹環亦因設計獨特，融匯歷史古跡與現代建築而馳名。

INVESTOR RELATIONS

The Company is continuously committed to maintaining good communication with shareholders, investors and analysts in order to ensure their thorough understanding of the Group's strategies and business development, thereby enhancing transparency and investor relations.

The Company maintains a Company's website (www.chineseestates.com) to make the Company's information available on the internet, including the dissemination of statutory announcements and circulars etc., to facilitate its communication with shareholders and to provide important information to the investing public on corporate governance structure, policies and systems, profiles of the Directors and senior executives as well as terms of reference of Board committees.

The up-to-date information of the Group is available for public access on the Company's website. The Company encourages its shareholders to take advantage of the Company's website and welcomes suggestions from investors and shareholders, and invites them to share their views and suggestions by contacting the Company at investor.relations@chineseestates.com.

Shareholders can raise their enquiries to the Board or the company secretary of the Company in writing by sending such written enquiries to the principal office of the Company in Hong Kong at 26th Floor, MassMutual Tower, 38 Gloucester Road, Wanchai, Hong Kong or by email at investor.relations@chineseestates.com. Shareholders also have right to raise questions at general meetings.

PROSPECTS

The economic 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 economic 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.

投資者關係

本公司一貫致力與股東、投資者及分析員保持良好溝通，以確保彼等對本集團之策略及業務發展有透徹的理解，從而提高透明度及加強與投資者關係。

本公司設有公司網頁(www.chineseestates.com)，使股東可透過互聯網取得公司資料，包括法定公布及股東通函之發放等，加強與股東之溝通，並提供重要資料予公眾投資者了解企業管治架構、政策及制度、董事及高級行政人員簡介，以及董事會轄下委員會之職權範圍。

有關本集團之最新資訊，本公司會於公司網站作出相應更新以讓公眾人士查閱。本公司鼓勵其股東善用本公司網站及歡迎投資者及股東提出意見，並誠邀彼等透過電郵investor.relations@chineseestates.com聯絡本公司，分享彼等之意見及建議。

股東可以書面方式向董事會或本公司之公司秘書作查詢，該書面查詢可送交至本公司香港主要辦事處，地址為香港灣仔告士打道38號美國萬通大廈26樓或電郵至investor.relations@chineseestates.com。股東亦有權於股東大會上作出提問。

展望

美國經濟在房屋及勞動市場提振下繼續溫和復甦。鑒於利率輕微上調，預期美國本土需求將重回正軌，穩步增長。與此同時，儘管歐洲國家推出史無前例的貨幣刺激措施，但其經濟復甦正在放緩，通脹逐漸回軟。預期歐洲國家將會推出更多刺激措施，從而對抗低通脹風險，而環球經濟有望繼續復甦。

PROSPECTS (Cont'd)

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 disposals 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.

展望 (續)

香港住宅單位供應日增，難免令本地住宅市場價格受壓。本集團持作出售之發展中物業位於上佳靠山地段。由於若干本地高級住宅物業需求仍然殷切，本集團相信可減輕壓力，並對其香港物業發展業務感到樂觀。另一方面，若干零售業務之表現已有見頂跡象，尤其是旅遊相關業務。儘管本集團地理位置優越之香港零售投資物業之租務於本年度表現理想，惟本集團將繼續密切留意本地消費模式的變化，完善其商戶組合，並透過舉辦多項宣傳及推廣活動，帶動增加其零售投資物業之人流及消費。本集團對其零售投資物業的租金收入增長仍抱持謹慎樂觀態度。

隨著本集團於二零一六年一月出售持有美國萬通大廈的公司，美國萬通大廈為本集團帶來的租金收入將在二零一六年顯著減少。同時，本集團預期出售持有皇室大廈的公司將於二零一六年內完成。因此，皇室大廈在二零一六年為本集團帶來的租金收入將維持直至出售完成前。誠如本公司公布，有關美國萬通大廈之出售交易的部分銷售所得款項已作為附有條件之特別中期股息分派，預期出售持有皇室大廈之公司之大部分銷售所得款項亦將宣派為股息。有關出售美國萬通大廈及皇室大廈之收入貢獻／虧損將分別錄於二零一六年。鑒於市場（尤其是中資企業）對位於主要地區之優質商用物業之持續需求，本集團預期餘下辦公室投資物業之租務表現將會繼續增長。

PROSPECTS (Cont'd)

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 has 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.

APPRECIATION

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

Lau, Ming-wai

Chairman

Hong Kong, 15th March, 2016

展望 (續)

隨著經濟體制轉軌，中國內地經濟日益側重於居民消費及服務。國內消費對國內生產總值及消費品零售銷售總額佔比不斷提升。儘管國內經濟增長放緩，「一帶一路」政策將促進經濟增長及可持續發展。本集團相信國內經濟正就其改革至更可持續增長之模式取得進展，而國內經濟根基仍然強勁。本集團預期國內零售及辦公室投資物業之租務將繼續表現良好及提供穩定之租金收入。本集團將把握機遇考慮變現其於國內的物業權益。

本集團旗下位於倫敦之投資物業—River Court，將繼續為本集團帶來穩定的回報。本集團已於二零一六年三月簽署一份合約，以收購位於倫敦之另一投資物業。

本集團將保持審慎積極，繼續密切留意香港、中國內地及海外物業市場，並可能適時把握機遇增加其土地儲備及物色潛在收購目標，以擴充其投資物業組合。

致謝

本人謹藉此機會對股東一直以來的鼎力支持與各位董事及全體員工的貢獻及竭誠工作表示謝意。

主席

劉鳴煒

香港，二零一六年三月十五日