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ANNOUNCEMENT OF 2015 GROUP FINAL RESULTS

FINANCIAL AND BUSINESS HIGHLIGHTS

	Year 2015	Year 2014	% Change
	HK\$'M	HK\$'M	
Revenue	2,471.8	2,298.6	+7.5%
Gross profit	1,122.1	1,098.6	+2.1%
Operating profit before depreciation, finance costs and tax	1,046.3	1,160.4	-9.8%
Profit for the year attributable to equity holders of the parent	119.0	410.3	-71.0%
Basic earnings per ordinary share attributable to equity holders of the parent	HK\$0.13	HK\$0.44	-70.5%
Proposed final dividend per ordinary share	HK9.0 cents	HK12.0 cents	-25.0%
Total dividends for the year per ordinary share	HK13.0 cents	HK16.0 cents	-18.8%
	As at 31st December,		
	2015	2014	
	(Unaudited)	(Unaudited)	
Net asset value per ordinary share attributable to equity holders of the parent			
Book	HK\$12.84	HK\$12.93	-0.7%
*Adjusted	HK\$18.66	HK\$20.17	-7.5%

*compiled, for the purpose of reference, on an adjusted basis to restate the Group's hotel property portfolio at its market value at 31st December, 2015 with the relevant deferred tax liabilities added back

- **The substantially lower profit achieved for the year is primarily attributable to the fact that the comparative profit attained last year included a number of one-off items. Moreover, due to the decrease in the number of visitor arrivals to Hong Kong, the performance of the hotel industry in Hong Kong in 2015 has been adversely affected. Hence, the operating results of the hotels of the Group in Hong Kong, being one of its core business operations, have also been impacted, as compared to the levels achieved in 2014.**
- **Operating profit before depreciation, finance costs and tax for the year amounted to HK\$1,046.3 million (2014 – HK\$1,160.4 million).**
- **Total depreciation charges on the Group’s hotel properties in Hong Kong for the year amounted to HK\$453.0 million which, although not having an effect on cash flow, have nonetheless significantly impacted on the reported profit. In addition, depreciation charges on the Group’s aircraft fleet for the year amounted to HK\$39.9 million.**
- **Regal Real Estate Investment Trust is a listed subsidiary of the Group and now owns a total of eight operating hotels in Hong Kong, with an aggregate of 4,569 guestrooms and suites. Seven of these hotels are under leases to a wholly owned subsidiary of the Group for hotel operations.**
- **The five initial Regal Hotels have as a whole managed to achieve during the year relatively satisfactory performance amidst a competitive environment. Total net property income amounted to HK\$796.3 million (2014 – HK\$918.1 million), which represented an excess of HK\$33.3 million over the aggregate annual base rent of HK\$763.0 million for 2015, 50% of which was attributable to Regal REIT as variable rent.**
- **The lease terms for the five initial Regal Hotels have been extended for five years to 31st December, 2020 and the annual base rent for 2016 has been determined at HK\$732.0 million, reflecting a slight reduction of 4.1% below the annual base rent of HK\$763.0 million for 2015, with variable rent continuing to be based on 50% sharing of the excess aggregate net property income.**
- **All the 134 studio apartment units, named Domus, in the residential project at Tan Kwai Tsuen Road in Yuen Long undertaken by P&R Holdings Limited, a 50:50 joint venture between Paliburg Holdings Limited and the Company, have been presold in June 2015 and the sale programme for the 36 luxurious garden houses, named Casa Regalia, which constitute the main component of the project, is planned to be launched in the second quarter this year.**

- **One of the retained houses in Regalia Bay, Stanley was sold in May 2015 and most recently, in March 2016, a formal agreement has been entered into for the sale of another vacant house. The Group is retaining 17 houses in Regalia Bay, while certain of the retained houses will be held for rental, the other retained houses will continue to be disposed of on appropriate terms from time to time.**
- **In 2015, the Group successfully expanded its fleet of aircraft with the acquisitions of a total of 16 Embraer aircraft for an aggregate purchase price of US\$48.5 million, four of which have subsequently been sold since their acquisitions during the year, realising satisfactory capital profits. As at 31st December, 2015, the Group's aircraft fleet comprises a total of 14 aircraft, including two Airbus 321 model aircraft and 12 Embraer ERJ-135 and ERJ-145 model aircraft. Except for one Airbus aircraft which is 85% owned, all the other aircraft are wholly owned, of which twelve are under leases to airline operators operating in different parts of the world and yielding steady recurring rental income. The other two remaining Embraer aircraft are pending disposal.**
- **The market conditions for the tourist and hotel industry in Hong Kong in the first two months of 2016 have continued to be competitive and challenging.**
- **The Group strongly believes in the resilience of Hong Kong and in its ability to maintain its position as a favourite tourist destination, for both business and leisure travellers alike. Although it is not expected that there could be a speedy recovery in the local tourism and hotel markets within the very near term, the Group remains confident of their long term prospects.**
- **The Group anticipates that the global economies in 2016 may continue to be volatile. While the Group will strive to strengthen and build on its existing core businesses, it will also closely monitor, albeit cautiously, any available acquisition and investment opportunities which are beneficial to the Group's ongoing development.**

FINANCIAL RESULTS

For the year ended 31st December, 2015, the Group achieved a consolidated profit attributable to shareholders of HK\$119.0 million, as compared to the profit of HK\$410.3 million attained in 2014.

As explained in the profit warning announcement of the Company dated 15th March, 2016, the substantially lower profit achieved for the year under review is primarily attributable to the fact that in the comparative profit attained last year, there were a number of one-off items including, in particular, the share of profit from an associate in a sum of HK\$121.6 million in relation to the recovery of loans receivable and related interest income, as disclosed in the annual report of the Company for the year ended 31st December, 2014. Moreover, due to the decrease in the number of visitor arrivals to Hong Kong, the performance of the hotel industry in Hong Kong in 2015 has been adversely affected. Hence, the operating results of the hotels of the Group in Hong Kong, being one of its core business operations, for the year have also been impacted, as compared to the levels achieved in 2014.

Operating profit before depreciation, finance costs and tax for the year amounted to HK\$1,046.3 million (2014 – HK\$1,160.4 million). As also explained before, all the Group's hotel properties in Hong Kong are owned and self-operated by subsidiaries of the Company and are, therefore, subject to depreciation charges in order to conform to applicable accounting standards. Total depreciation charges on the Group's hotel properties in Hong Kong for the year amounted to HK\$453.0 million which, although not having an effect on cash flow, have nonetheless significantly impacted on the reported profit. In addition, depreciation charges on the Group's aircraft fleet for the year amounted to HK\$39.9 million.

Having regard to the material difference between the carrying values of the Group's hotel property portfolio, which are subject to accumulated depreciation charges, and their fair values as at 31 December, 2015, shareholders could refer to the Adjusted Net Asset Value Statement presented in the section headed "Management Discussion and Analysis" below, which showed for the purpose of reference that, if all such hotel properties were to be stated at their independent professional market valuation as at 31st December, 2015, the underlying adjusted net asset value of the Company would amount to HK\$18.66 per share.

BUSINESS OVERVIEW

HOTELS

MARKET OVERVIEW

Continuing the divergent trend in the previous year, the few major economies performed differently during 2015 with the United States leading the recovery pace. On 16th December 2015, for the first time in almost 10 years, the US Federal Reserve raised the Federal Funds Rate by 0.25% and, matching the decision of the US Federal Reserve, the Hong Kong Monetary Authority also increased the base rate by 25 basis points from 0.5% to 0.75%, raising the interest rate in Hong Kong for the first time since 2006. This was believed to be the start of the US interest rate normalisation process but the pace of future interest rate hikes will still be dependent on the global economic conditions. While the US is showing signs of a recovery in its economy, the economies in the Eurozone only have slight improvements and Japan remains stagnant. In the People's Republic of China, the annual Gross Domestic Product (GDP) increased by 6.9%, representing a drop of 0.4 percentage point as compared to the preceding year, evidencing China's efforts to adapt to the new norms under which China's economic growth is turning from high-speed to medium-high speed, and to the adjustment of its industrial structure. Meanwhile, the annual GDP of Hong Kong increased modestly by 2.4%, which was 0.2 percentage point below the level in 2014.

In 2015, visitor arrivals to Hong Kong decreased by 2.5% year-on-year to a total of just over 59.3 million. This was the first time that Hong Kong has witnessed a negative growth in total visitor arrivals year-on-year since 2004. Based on a hotel survey published by the Hong Kong Tourism Board, the average hotel occupancy rate for all the surveyed hotels in different categories for 2015 was 86.0%, a decrease of 4 percentage points from 2014, while the industry-wide achieved average room rate recorded a downward adjustment of 9.2%, resulting in a year-on-year decline of 13.3% in the Revenue per Available Room (RevPAR).

A number of adverse factors, including the hangover effects from the "Occupy Central" movement in late 2014 and the "Anti-parallel trade" activities during the first quarter of 2015, a strong Hong Kong dollar and the increased competition from other countries, continued to

negatively impact on the tourist and hotel markets in Hong Kong in 2015. Overall business conditions for the hotel industry for the year have been challenging and hotel operators generally had to trade in room rates to maintain occupancies.

HOTEL OWNERSHIP

REGAL REAL ESTATE INVESTMENT TRUST

As at 31st December, 2015, the Group held approximately 74.6% of the total outstanding issued units of Regal REIT while Regal Portfolio Management Limited, a wholly owned subsidiary of the Group, acts as the REIT Manager.

For the year ended 31st December, 2015, Regal REIT recorded a consolidated net loss before distributions to Unitholders of HK\$1,527.8 million, while for the financial year 2014, a consolidated net profit of HK\$238.5 million was reported. The consolidated loss recorded for 2015 was principally attributable to an accounting loss of HK\$2,049.5 million arising from the fair value changes in the appraised values of the hotel portfolio owned by Regal REIT between the two year end dates, after having taken into account the amount of capital expenditure incurred. If the effects of these fair value changes are excluded, the core profit before distributions to Unitholders for the year under review would amount to HK\$521.7 million, representing an increase of 3.2% over the corresponding amount of HK\$505.4 million for the preceding year.

Although the rental income received by Regal REIT from the five initial Regal Hotels and the net hotel income from its self-operated iclub Wan Chai Hotel fell short of the amounts achieved in 2014 due to the weaker market conditions, 2015 was the first full year of fixed rental receipts from both the iclub Sheung Wan Hotel and iclub Fortress Hill Hotel, which were acquired in February and July 2014, respectively. Consequently, the total distributable income of Regal REIT has increased by 3.3% from HK\$532.9 million in 2014 to HK\$550.3 million for the year under review.

The five initial Regal Hotels are under lease to a wholly owned subsidiary of the Company and their operating results for the year are highlighted in the paragraph headed “Hotel Operations” below. The iclub Wan Chai Hotel, which is owned and self-operated by Regal

REIT, continued to enjoy good demand and while it was able to maintain close to full occupancy, the average room rate has dropped by 17.8% due to keen price competition. As previously reported, the iclub Sheung Wan Hotel and the iclub Fortress Hill Hotel have also been leased to the Group's hotel operating subsidiary and in 2015 generated for Regal REIT their first full year cash rental receipts for a total of HK\$166.8 million.

Regal REIT now owns a total of eight operating hotels in Hong Kong, with an aggregate of 4,569 guestrooms and suites. The current portfolio of properties comprises a good mixture of full-service type hotels and select-service type hotels in strategic locations, which can cater to different demands from a wide range of business and leisure visitors to Hong Kong. The REIT Manager will constantly review the performance of each property and evaluate any potential yield enhancement opportunities.

As reported earlier, the independent unitholders of Regal REIT have at an extraordinary general meeting of Regal REIT held on 14th April, 2015 approved, among others, the extension of the existing lease agreements for the five initial Regal Hotels for another 5 years to 31st December, 2020, with the market rental packages for the extended terms continuing to be determined annually by a jointly appointed independent professional property valuer.

HOTEL OPERATIONS

Apart from the iclub Wan Chai Hotel, all the five initial Regal Hotels and the two latest iclub Sheung Wan Hotel and iclub Fortress Hill Hotel are under lease to the wholly owned hotel operating subsidiary of the Company for hotel operations.

For the year under review, the five initial Regal Hotels have as a whole managed to achieve relatively satisfactory performance amidst a competitive environment. The combined average occupancy rate for 2015 was 86.1%, which was in-line with the market average, while the average room rate has dropped by 6.0% year-on-year. These translated into a decrease in RevPAR of 12.4% which, nevertheless, was comparatively better than the industry norm.

Total hotel revenue for the five initial Regal Hotels for the year amounted to HK\$1,894.6 million, a slight decrease of 6.6% from the HK\$2,028.6 million in the preceding year. Total

net property income amounted to HK\$796.3 million, which represented an excess of HK\$33.3 million over the aggregate annual base rent of HK\$763.0 million for 2015, 50% of which was attributable to Regal REIT as variable rent.

It is worth mentioning that, apart from various other awards obtained, the Regal Airport Hotel has been awarded in 2015 “The Best Airport Hotel in the World” by Business Traveller UK Magazine for the 8th consecutive year and “The Best Airport Hotel in Asia-Pacific” by Business Traveller Asia-Pacific Magazine for the 15th consecutive year. Benefiting from the growing traffic at the Hong Kong International Airport, the Regal Airport Hotel is frequented by business travellers and is also a favourite venue for the hosting of major meetings and conferences and, for the year under review, has been able to achieve a net property income which is higher than the level attained in 2014.

Due to the increased banqueting functions, the overall food and beverage businesses for the five initial Regal Hotels have achieved improvements and generated aggregate revenues of HK\$626.8 million, representing an increase of 7.9% over that in 2014.

2015 was the first full year of operations for both the iclub Sheung Wan Hotel and the iclub Fortress Hill Hotel, which commenced business operations in June and September, 2014, respectively. The combined average occupancy rate for these two hotels for the year was 85.6% but, due to the competitive market conditions, their combined average room rate was 14.7% below the level attained in the preceding year, particularly that the period in which they operated in 2014 was comparatively the higher season. As new starters in such a competitive environment, the growth in the hotel businesses attained by these two hotels since their commencement of operations could be considered as satisfactory. Although the net property income for both the iclub Sheung Wan Hotel and the iclub Fortress Hill Hotel for 2015 is below the fixed base rent payable to Regal REIT, under the agreed arrangements with P&R Holdings Limited, a 50:50 joint venture established by the Company with Paliburg Holdings Limited and which is the vendor of the hotels, any shortfall in the income from the operation of the two hotels below the lease payments payable by the lessee during the first three years of the lease terms will be fully reimbursed to the lessee by P&R Holdings.

As mentioned above, the lease terms for the five initial Regal Hotels have been extended for five years to 31st December, 2020 and the market rental review for 2016 has also been completed in September 2015. The annual base rent for 2016 was determined at HK\$732.0 million, reflecting a slight reduction of 4.1% below the annual base rent of HK\$763.0 million for 2015, with variable rent continuing to be based on 50% sharing of the excess of the aggregate net property income of the five hotels over the aggregate base rent.

The La Mola Hotel & Conference Centre located in Barcelona, Spain was acquired by the Group in October 2014. The hotel is presently operated under an external franchise arrangement. The Group is now finalising plans to remodel and upgrade the hotel to an international 5-star standard and the works are expected to be commenced within this year.

To meet the challenges ahead, the Group is continuing to streamline its hotel operating structure and to take advantage of its scale of operations through the centralisation of a number of operating functions, with a view to further containing operating costs. The Group will also continue to commit resources to enhance its marketing network and to promote the brand awareness of the Regal Hotels.

HOTEL MANAGEMENT

Regal Hotels International Limited, the wholly owned management arm of the Group, is the hotel manager providing hotel management services to all the five full-service Regal Hotels and the three select-service iclub Hotels owned by Regal REIT in Hong Kong.

In China, the Group is now providing hotel management services to nine operating hotels, including four in Shanghai, two in Dezhou, one in Xi'an, and the latest two in Foshan and Zhengzhou. The Regal Financial Center Hotel in Foshan is a luxury hotel that was opened in December 2015, which provides 230 guestrooms, 3 restaurants, a 500 square metres pillarless ballroom and 11 multi-function rooms. Most recently, the first iclub hotel managed by the Group in China, the iclub Yuhong Hotel in Zhengzhou, was officially opened in February 2016, providing 186 guestrooms and a café for business and leisure travellers. Six other hotels are in the pipeline for opening in 2017 and 2018.

The Group is also managing the La Mola Hotel & Conference Centre in Barcelona owned by the Group.

PROPERTIES

The Group's property development business is primarily undertaken through P&R Holdings, the 50:50 joint venture with Paliburg, the immediate listed holding company of the Company. The property market in Hong Kong went through some consolidation during the latter part of the year under review but this is believed to be beneficial to the healthy development of the local real estate market in the longer term. The Government of Hong Kong is committed to providing a steady supply of development lands to maintain overall market stability. Like in the past, the Group will continue to actively participate through P&R Holdings in the government land tenders.

As reported in the Interim Report 2015, all the 134 studio apartment units, named Domus, in the residential project at Tan Kwai Tsuen Road in Yuen Long undertaken by P&R Holdings have been presold in June 2015. The sale programme for the 36 luxurious garden houses, named Casa Regalia, which constitute the main component of the project, is planned to be launched in the second quarter this year. The occupation permit for the project was issued in the fourth quarter of 2015 and the certificate of compliance is anticipated to be obtained shortly. The profit attributable to the presale of the Domus apartment units has been reflected in the results of the Group for the year under review.

In August 2015, P&R Holdings further launched the sale programme for the ten residential duplex units remaining in Rainbow Lodge in Yuen Long and all the ten units have been sold in a short period of time.

To replenish its land bank following the disposals of the two hotel development projects in Sheung Wan and Fortress Hill to Regal REIT in 2014, P&R Holdings successfully secured from the Urban Renewal Authority in June 2015 the contract for the development of a new hotel project located at Anchor Street/Fuk Tsun Street in Tai Kok Tsui, Kowloon, which is planned to be developed into a multi-storey hotel building comprising about 288 guest rooms, with ancillary accommodation.

Further details on the development projects and properties of P&R Holdings, including those undertaken in China by Cosmopolitan International Holdings Limited, the listed subsidiary of P&R Holdings, are contained in the section headed “Management Discussion and Analysis” in this announcement.

The Group sold in May 2015 one of the retained houses in Regalia Bay, Stanley and the profit derived has been reflected in the results under review. Most recently, in March 2016, a formal agreement has been entered into for the sale of another vacant house. The Group still retains a total of 17 luxury garden houses in Regalia Bay, while certain of these houses will be held for rental income, the other retained houses will continue to be disposed of on appropriate terms from time to time.

OTHER INVESTMENTS

The Group maintains a sizable investment portfolio comprising listed securities, investment funds, bonds as well as treasury and yield enhancement products, including the holding of approximately 12% interest in the issued shares of Asia Standard Hotel Group Limited, a company listed in Hong Kong principally engaged in hotel and investment businesses. Despite the volatilities in the financial and capital markets, the Group’s investment portfolio has generated a positive profit contribution during the year.

The Group first embarked on the aircraft ownership and leasing business in 2012 with the acquisition of an Airbus 321-211 aircraft, followed by the acquisition in 2013 of an 85% interest in another Airbus 321-200 aircraft. In 2015, the Group successfully expanded its fleet of aircraft with the acquisitions in February and November, respectively, of a total of 16 Embraer aircraft for an aggregate purchase price of US\$48.5 million, four of which have subsequently been sold since their acquisitions during the year, realising satisfactory capital profits. As at 31st December, 2015, the Group’s aircraft fleet comprises a total of 14 aircraft, including two Airbus 321 model aircraft and 12 Embraer ERJ-135 and ERJ-145 model aircraft. Except for one Airbus aircraft which is 85% owned, all the other aircraft are wholly owned, of which twelve are under leases to airline operators operating in different parts of the world and yielding steady recurring rental income. The other two Embraer remaining aircraft

are pending disposal. The Group plans to further expand its aircraft ownership and leasing business, including the size and the composition of its aircraft fleet, with the objective that this new line of business will ultimately be developed into a separately operated business unit.

OUTLOOK

The market conditions for the tourist and hotel industry in Hong Kong in the first two months of 2016 have continued to be competitive and challenging. Moreover, the divergent socio-political sentiments presently prevailing in Hong Kong, the slowing down of the pace of economic growth in China and the increased geopolitical tensions and volatilities in the financial markets globally are creating additional uncertainties.

In an effort to support the local tourism and to uphold Hong Kong's image as one of the preferred travel destinations in the world, the Hong Kong Government and the Hong Kong Tourism Board have since last year organised, on top of all its regular programs, a series of marketing and promotional events including the Hong Kong Summer Fun campaign in June 2015 and the setup of the Matching Fund for Overseas Tourism Promotion by Tourist Attractions in last September. It is also anticipated that the Hong Kong Government will continue to commit sufficient resources to develop and expand new tourism attractions and to enhance and upgrade all infrastructural facilities, ensuring that Hong Kong will have sufficient capacities to accommodate and serve the demands of an increasing number of global and regional visitors.

The Group strongly believes in the resilience of Hong Kong and in its ability to maintain its position as a favourite tourist destination, for both business and leisure travellers alike. Although it is not expected that there could be a speedy recovery in the local tourism and hotel markets within the very near term, the Group remains confident of their long term prospects. Regal REIT is the only listed hospitality REIT with market concentration in Hong Kong and the REIT Manager is committed to maintaining Regal REIT's leading position as one of the pre-eminent hotels owners in Hong Kong. The REIT Manager will continue to prudently review acquisition opportunities, both locally and overseas, which can serve to strengthen and broaden the revenue base of Regal REIT.

The Group has a solid asset base, distributed amongst hotels, properties and other investments, which is generating steady recurring revenues. The Group anticipates that the global economies in 2016 may continue to be volatile. While the Group will strive to strengthen and build on its existing core businesses, it will also closely monitor, albeit cautiously, any available acquisition and investment opportunities which are beneficial to the Group's ongoing development.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's significant investments and principal business activities mainly comprise hotel ownership business undertaken through Regal REIT, hotel operation and management businesses, asset management of Regal REIT, property development and investment, including those undertaken through the joint venture in P&R Holdings and the interest in the retained houses in Regalia Bay in Stanley, aircraft ownership and leasing business and other investments including financial assets investments.

The performance of the Group's hotel, property and other investment businesses as well as that of Regal REIT during the year under review, the commentary on the hotel and property sectors and the changes in general market conditions and the potential impact on their operating performance and future prospects are contained in the above sections headed "Financial Results", "Business Overview" and "Outlook" as well as in this sub-section.

The Group has no immediate plans for material investments or capital assets, other than those as disclosed in the above sections headed "Business Overview" and "Outlook" and in this sub-section.

JOINT VENTURE – P&R HOLDINGS LIMITED

P&R Holdings is a 50:50 owned joint venture established with Paliburg, with capital contributions provided by the Company and Paliburg on a pro-rata basis in accordance with their respective shareholdings in P&R Holdings. The business scope of P&R Holdings is the development of real estate projects for sale and/or leasing, the undertaking of related investment and financing activities, and the acquisition or making of any investments (directly or indirectly) in the financial assets of or interests in, or extending loans to, any private, public or listed corporations or undertakings that have interests in real estate projects or other financial activities where the underlying assets or security comprise real estate properties.

Further information relating to the property development projects being undertaken and properties owned by the P&R Holdings group is set out below:

Hong Kong

Apart from the Shun Ning Road development project in Sham Shui Po, Kowloon and the latest Anchor Street/Fuk Tsun Street development project in Tai Kok Tsui, Kowloon, both of which are being undertaken pursuant to the development contracts awarded by the Urban Renewal Authority of Hong Kong, all of the following ongoing development projects and properties are wholly owned by P&R Holdings group.

Lot No.4309 in Demarcation District No.124, Tan Kwai Tsuen Road,

Yuen Long, New Territories

This residential project has a site area of approximately 11,192 square metres (120,470 square feet) and providing a total of 170 units, comprising 36 luxurious garden houses and a low-rise apartment block with 134 units, having aggregate gross floor area of approximately 11,192 square metres (120,470 square feet). The presale programme for the units in the apartment block, named Domus, was formally launched in June 2015 and all the 134 units were sold in one day. The sale programme for the 36 garden houses, named Casa Regalia, which constitute the main component of the development, is planned to be launched in the second quarter this

year. The occupation permit for the project has been issued in the fourth quarter of 2015 and the certificate of compliance is anticipated to be obtained shortly.

Nos.8, 8A, 10, 10A, 12 and 12A Ha Heung Road, To Kwa Wan, Kowloon

The project has an aggregate site area of approximately 700 square metres (7,535 square feet) and is being developed into a hotel with 340 guestrooms, having total gross floor area of approximately 6,298 square metres (67,790 square feet) and covered floor area of approximately 9,490 square metres (102,160 square feet). The superstructure works have been substantially completed and the occupation permit is expected to be issued in the fourth quarter of 2016.

Sha Tin Town Lot No.482 at Po Tai Street, Ma On Shan, Sha Tin, New Territories

This development site has a site area of 5,090 square metres (54,788 square feet) and a maximum permissible gross floor area of 15,270 square metres (164,364 square feet). The site is planned to be developed into a shopping mall. The foundation works have been completed and the superstructure works contract has been awarded. The project is scheduled to be completed in 2017 and is intended to be retained for rental income.

Sha Tin Town Lot No.578, Area 56A, Kau To, Sha Tin, New Territories

The project has a site area of 17,476 square metres (188,100 square feet) and is planned for a luxurious residential development comprising 7 mid-rise apartment blocks with about 136 units, 24 detached garden houses and 198 carparking spaces, with aggregate gross floor area of approximately 32,474 square metres (349,547 square feet). The general building plans for the development have been approved and the site formation works and foundation works are expected to be completed in the second quarter of 2016. The completion of this development is presently scheduled for 2018.

Nos.5-7 Bonham Strand West and Nos.169-171 Wing Lok Street, Sheung Wan

The project has an aggregate site area of approximately 345 square metres (3,710 square feet) and is planned for the development of a hotel with 98 guestrooms and suites, with total gross floor area of approximately 5,236 square metres (56,360 square feet) and covered floor area of approximately 6,420 square metres (69,120 square feet). The foundation works have been completed and further construction works will be proceeded with when the technical

problems in relation to the adjoining building are resolved.

Nos.69-83 Shun Ning Road, Sham Shui Po, Kowloon

This is a joint venture project awarded by the Urban Renewal Authority of Hong Kong through a tender process in March 2014. The land has a site area of 824.9 square metres (8,879 square feet) and is planned for a commercial/residential development with total gross floor area of 7,159 square metres (77,059 square feet), providing 157 residential units, 2 storeys of shops and 1 storey of basement carpark. The superstructure works are in progress and the development is scheduled to be completed in 2017. The presale of the units in this development is planned to be marketed in the second quarter of this year.

Anchor Street/Fuk Tsun Street, Tai Kok Tsui, Kowloon

This is a hotel development project also awarded by the Urban Renewal Authority of Hong Kong through a tender process in June 2015. The project has a site area of 725.5 square metres (7,809 square feet) and total permissible gross floor area of approximately 6,529 square metres (70,278 square feet) and is planned to be developed into a multi-storey hotel building comprising about 288 guest rooms, with ancillary accommodation. The general building plans have been submitted to the Building Authority for approval.

Rainbow Lodge, 9 Ping Shan Lane, Tong Yan San Tsuen, Yuen Long, New Territories

These properties comprise ten residential duplex units with gross area of approximately 1,832 square metres (19,720 square feet) and 14 car parks in a completed residential development. The sale programme was launched in August 2015 and all the ten residential units and 13 car parks were sold within a short period of time.

COSMOPOLITAN INTERNATIONAL HOLDINGS LIMITED

Cosmopolitan is a listed subsidiary of P&R Holdings. Further information relating to the property projects currently undertaken by the Cosmopolitan group in the People's Republic of China, all of which are wholly owned, is set out below:

Property Development

Chengdu Project

Located in the Xindu District in Chengdu, Sichuan Province, the project is a mixed use development consisting of hotel, commercial, office, service apartments and residential components, with an overall total gross floor area of approximately 497,000 square metres. The first stage of the development includes a hotel with 306 hotel rooms and extensive facilities and three residential towers with about 340 residential units with car parking spaces and ancillary commercial accommodation. The construction works for these three residential towers are expected to be completed before the end of this year and the units presale is anticipated to be launched in the second quarter this year. Having considered the current local market environment, a series of business remodeling works are being planned for the hotel, which is now anticipated to be completed in phases from early 2017. The second stage of the development comprises six residential towers with about 960 units, the construction works for which are in progress and are scheduled to be completed in the second quarter of 2017. Presale of the units is expected to be launched before the end of this year. The other components comprised within the overall development will continue to be developed in stages.

Tianjin Project

Located in the Hedong District in Tianjin, this project entails a development site with total site area of about 31,700 square metres, which is planned for a mixed use development comprising commercial, office and residential components with total gross floor area of about 145,000 square metres. The sub-structure works for the project have been completed and superstructure works of the four residential towers are progressing. The presale of the first two residential towers comprising 256 residential units has been launched in October 2015. Up to date, more than 96% of the units have been presold, realising contracted sale considerations in excess of RMB671 million. The remaining two residential towers with 256 residential units and the commercial complex comprising mainly shops of about 19,000 square metres are presently planned to be marketed for presale later this year. The entire development is anticipated to be completed in stages from 2017.

Xinjiang Project

This is a re-forestation and land grant project for a land parcel with site area of about 7,600 mu in accordance with the relevant laws and policies in Urumqi, Xinjiang Uygur Autonomous Region. The Cosmopolitan group has re-forested an aggregate area of about 4,300 mu within the project site and in accordance with the relevant government policies of Urumqi, a parcel of land with an area of about 1,843 mu (equivalent to approximately 1,228,700 square metres) within the project site will be available for commercial development after the requisite inspection, land grant listing and tender procedures are completed.

There has been some delay in the carrying out of the requisite remedial re-forestation works and the original schedule planned for the inspection by the relevant government authorities has been affected. The Cosmopolitan group has taken steps to reorganise the local management team and has also appointed professional advisers to co-ordinate and assist on the necessary protective measures, with a view to restoring normal business operations for the project. Based on legal advice obtained, the legitimate interests of the Cosmopolitan group in this re-forestation and land grant contract remain valid and effective. The Cosmopolitan group is planning to have the required remedial re-forestation works carried out as soon as practicable, such that the inspection and measurement of the reforested area by the relevant government authorities can be resumed and the final procedures leading to the land grant listing and tender of the development land concluded. Should the Cosmopolitan group successfully secure the development land and depending on the permitted land use, the Cosmopolitan group preliminarily plans to develop on the land, in stages, a large scale mixed use development comprising residential, hotel, recreational and commercial properties.

ASSOCIATE – HANG FOK PROPERTIES LIMITED

Hang Fok is an entity that is 50% beneficially owned by each of the Paliburg group and the Group. Hang Fok holds equity interests in a joint venture project company involved in a development project in the Central Business District in Beijing, the PRC. As previously reported, Hang Fok was engaged in a series of legal actions in the PRC with the other joint venture parties in the Beijing project, some of which were initiated by Hang Fok to protect its equity interests in the Beijing project. Appropriate provisions had been made by Hang Fok in

the prior years and the interest held by the Group in the project was carried in the consolidated financial statements at an insignificant amount as at 31st December, 2013. In the process of the legal actions taken, the other joint venture parties have funded the joint venture project company and procured the latter to deposit an amount of approximately RMB195 million into the court in the PRC in August 2014, as repayment proceeds of certain of the shareholder's loans, plus accrued interest thereon, made by Hang Fok to the joint venture project company. Accordingly, Hang Fok had written back loans receivable and recognised related interest income of approximately HK\$159.0 million and HK\$84.2 million respectively, and the share attributable to the Group was reflected in the results of the Group in the financial year ended 31st December, 2014. The aforesaid sum of RMB195 million (net of incidental expenses) has been received by Hang Fok in February 2016 through payment from the PRC court and Hang Fok is pursuing further claims against the joint venture project company for other interest due. The Group will continue to exercise strenuous efforts with a view to salvaging the value of the Group's interest in this development project.

FINANCIAL REVIEW

ASSETS VALUE

The Group's hotel properties in Hong Kong are owned by Regal REIT and, with the exception of iclub Sheung Wan Hotel and iclub Fortress Hill Hotel, were stated in the financial statements at their fair values as at 23rd July, 2010 when Regal REIT became a subsidiary of the Group, plus subsequent capital additions and deducting accumulated depreciation. The market valuations of these hotel properties have since appreciated substantially but have not been reflected in the Group's financial statements. Moreover, the iclub Sheung Wan Hotel and iclub Fortress Hill Hotel were stated in the Group's financial statements at their fair values at the time of acquisition net of the unrealised gain attributable to the Group and are also subject to depreciation. For the purpose of providing supplementary information, if the Group's entire hotel property portfolio in Hong Kong is restated in the consolidated financial statements at its market value as at 31st December, 2015, the unaudited adjusted net asset value of the ordinary shares of the Company would be HK\$18.66 per share, as follows:

	As at 31st December, 2015	
	HK\$'M	HK\$ per ordinary share
Book net assets attributable to equity holders of the parent	11,863.0	12.84
Adjustment to restate the Group's hotel property portfolio at its market value and add back the relevant deferred tax liabilities	5,382.6	5.82
Unaudited adjusted net assets attributable to equity holders of the parent	17,245.6	18.66

CAPITAL RESOURCES AND FUNDING

Funding and Treasury Policy

The Group adopts a prudent funding and treasury policy with regard to its overall business operations. Cash balances are mostly placed on bank deposits, and treasury and yield enhancement products are deployed when circumstances are considered to be appropriate.

The Group's banking facilities are mostly denominated in Hong Kong dollar with interest primarily determined with reference to interbank offered rates, while its senior unsecured notes were denominated in US dollar and Hong Kong dollar with fixed coupon interest rates. The use of hedging instruments for interest rate purposes to cater to business and operational needs is kept under review by the Group's management from time to time. As the Hong Kong dollar is pegged to the US dollar, the exchange risks are considered to be insignificant and no currency hedging has been deployed. As regards the Group's overseas investments which are based in currencies other than US dollar and Hong Kong dollar, the Group will consider hedging part or all of the investment amounts into US dollar or Hong Kong dollar to contain the Group's exposure to currency fluctuation.

Cash Flows

During the year under review, there were net cash flows generated from operating activities of HK\$808.5 million (2014 – HK\$767.7 million). Net interest payment for the year amounted to HK\$138.3 million (2014 – HK\$116.2 million).

Borrowings and Gearing

As at 31st December, 2015, the Group had cash and bank balances and deposits of HK\$1,573.2 million (2014 – HK\$1,818.0 million) and the Group's borrowings net of cash and bank balances and deposits amounted to HK\$9,135.6 million (2014 – HK\$9,289.3 million).

As at 31st December, 2015, the gearing ratio of the Group was 36.0% (2014 – 35.9%), representing the Group's borrowings net of cash and bank balances and deposits of HK\$9,135.6 million (2014 – HK\$9,289.3 million) as compared to the total assets of the Group of HK\$25,342.6 million (2014 – HK\$25,849.9 million).

On the basis of the adjusted total assets as at 31st December, 2015 of HK\$32,011.5 million (2014 – HK\$34,209.2 million) with the Group's hotel portfolio restated at its market value, the gearing ratio would be 28.5% (2014 – 27.2%).

Details of the maturity profile of the borrowings of the Group as of 31st December, 2015 are shown in the consolidated financial statements ("Financial Statements") contained in the annual report of the Company for the year ended 31st December, 2015 (the "2015 Annual Report") to be published on or before 30th April, 2016.

Pledge of Assets

As at 31st December, 2015, certain of the Group's bank deposits, bank balances, financial assets at fair value through profit or loss and held-to-maturity investments in the amount of HK\$462.1 million (2014 – HK\$454.6 million) were pledged to secure bank guarantees procured by the Group pursuant to certain lease guarantees in connection with the leasing of the hotel properties from Regal REIT, and certain of the Group's property, plant and equipment, investment properties, properties held for sale, available-for-sale investments, financial assets at fair value through profit or loss, held-to-maturity investments, time deposits and bank balances in the total amount of HK\$11,412.8 million (2014 – HK\$11,780.0 million) were also pledged to secure other banking facilities granted to the Group.

Capital Commitments

Details of the capital commitments of the Group as at 31st December, 2015 are shown in the Financial Statements.

Contingent Liabilities

As at 31st December, 2015, the Group had contingent liabilities not provided for in the financial statements for corporate guarantees provided in respect of attributable share of banking facilities granted to subsidiaries of a joint venture in the amount of HK\$3,123.5 million (2014 – HK\$2,363.0 million), of which HK\$1,540.1 million (2014 – HK\$1,100.2 million) was utilised.

DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of HK9.0 cents (2014 – HK12.0 cents) per ordinary share for the year ended 31st December, 2015. This proposed final dividend will absorb an amount of approximately HK\$83.2 million (2014 – HK\$110.9 million) and will be payable to holders of ordinary shares on the Register of Ordinary Shareholders on 13th June, 2016.

Together with the interim dividend of HK4.0 cents (2014 – HK4.0 cents) per ordinary share paid in October 2015, total dividends per ordinary share for the year ended 31st December, 2014 will amount to HK13.0 cents (2014 – HK16.0 cents).

ANNUAL GENERAL MEETING

An Annual General Meeting of the Company will be convened to be held on Thursday, 2nd June, 2016. The Notice of the Annual General Meeting will be published on the websites of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Company and sent to the shareholders of the Company, together with the Company’s 2015 Annual Report, in due course.

CLOSURE OF REGISTER

The Register of Ordinary Shareholders of the Company will be closed during the following periods, and no transfers of shares will be effected during such periods:

- (i) from Tuesday, 31st May, 2016 to Thursday, 2nd June, 2016, both days inclusive, for the purpose of ascertaining shareholders’ entitlement to attend and vote at the 2016 Annual General Meeting. In order to be entitled to attend and vote at the 2016 Annual General Meeting, all transfers of ordinary shares, duly accompanied by the relevant share certificates, must be lodged with the Company’s branch registrar in Hong Kong, Computershare Hong Kong Investor Services Limited (the “Branch Registrar”), no later than 4:30 p.m. on Monday, 30th May, 2016; and
- (ii) from Wednesday, 8th June, 2016 to Monday, 13th June, 2016, both days inclusive, for the purpose of ascertaining shareholders’ entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfers of ordinary shares, duly accompanied by the relevant share certificates, must be lodged with the Branch Registrar no later than 4:30 p.m. on Tuesday, 7th June, 2016.

The relevant dividend warrants for the aforesaid final dividend are expected to be despatched on or about 23rd June, 2016.

YEAR END RESULTS

Consolidated Statement of Profit or Loss

	Year ended 31st December, 2015	Year ended 31st December, 2014
	HK\$'M	HK\$'M
REVENUE (Notes 2 & 3)	2,471.8	2,298.6
Cost of sales	(1,349.7)	(1,200.0)
Gross profit	1,122.1	1,098.6
Other income and gain (Note 3)	168.6	169.5
Fair value gains on financial assets at fair value through profit or loss, net	14.3	42.3
Fair value gains/(losses) on investment properties, net	(4.7)	7.0
Fair value gain upon reclassification of a property held for sale to an investment property	–	58.0
Gain on bargain purchase	–	35.0
Property selling and marketing expenses	(3.2)	–
Administrative expenses	(250.8)	(250.0)
OPERATING PROFIT BEFORE DEPRECIATION	1,046.3	1,160.4
Depreciation	(511.2)	(453.5)
OPERATING PROFIT (Notes 2 & 4)	535.1	706.9
Finance costs (Note 5)	(330.3)	(332.6)
Share of profits and losses of:		
Joint ventures	14.2	(20.9)
Associates	(22.2)	96.7
PROFIT BEFORE TAX	196.8	450.1
Income tax (Note 6)	(36.9)	6.6
PROFIT FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	159.9	456.7

Consolidated Statement of Profit or Loss (Cont'd)

	Year ended 31st December, 2015 HK\$'M	Year ended 31st December, 2014 HK\$'M
Attributable to:		
Equity holders of the parent	119.0	410.3
Non-controlling interests	40.9	46.4
	<hr/> 159.9	<hr/> 456.7
EARNINGS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 8)		
Basic and diluted	<hr/> HK\$0.13	<hr/> HK\$0.44

Consolidated Statement of Comprehensive Income

	Year ended 31st December, 2015	Year ended 31st December, 2014
	HK\$'M	HK\$'M
PROFIT FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	159.9	456.7
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Changes in fair value of available-for-sale investments	22.1	13.6
Cash flow hedges:		
Changes in fair value of cash flow hedges	(0.3)	(4.0)
Transfer from hedge reserve to the statement of profit or loss	1.0	6.0
	<u>0.7</u>	<u>2.0</u>
Exchange differences on translating foreign operations	(22.6)	(11.4)
Share of other comprehensive loss of:		
A joint venture	(54.2)	(6.8)
Associates	(0.1)	(3.1)
	<u>(54.1)</u>	<u>(5.7)</u>
Other comprehensive loss for the year	(54.1)	(5.7)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>105.8</u>	<u>451.0</u>
Attributable to:		
Equity holders of the parent	64.8	404.1
Non-controlling interests	41.0	46.9
	<u>105.8</u>	<u>451.0</u>

Consolidated Statement of Financial Position

	31st December, 2015	31st December, 2014
	HK\$'M	HK\$'M
NON-CURRENT ASSETS		
Property, plant and equipment	15,875.6	16,052.8
Investment properties	1,070.0	1,074.0
Investments in joint ventures	3,327.6	3,258.5
Investments in associates	125.1	131.1
Available-for-sale investments	133.4	106.8
Financial asset at fair value through profit or loss	1.9	1.9
Debtors and deposits (Note 9)	5.4	1,390.0
Deferred tax assets	79.1	62.4
Total non-current assets	<u>20,618.1</u>	<u>22,077.5</u>
CURRENT ASSETS		
Properties held for sale	479.4	533.5
Inventories	33.9	35.7
Debtors, deposits and prepayments (Note 9)	1,633.4	266.8
Held-to-maturity investments	201.2	378.1
Financial assets at fair value through profit or loss	795.6	727.1
Other loan	–	13.2
Derivative financial instruments	4.7	–
Tax recoverable	3.1	–
Restricted cash	46.4	47.2
Pledged time deposits and bank balances	346.3	327.4
Time deposits	400.2	435.4
Cash and bank balances	780.3	1,008.0
Total current assets	<u>4,724.5</u>	<u>3,772.4</u>

Consolidated Statement of Financial Position (Cont'd)

	31st December, 2015	31st December, 2014
	HK\$'M	HK\$'M
CURRENT LIABILITIES		
Creditors, deposits received and accruals (Note 10)	(424.4)	(426.6)
Interest bearing bank borrowings	(279.9)	(510.9)
Derivative financial instruments	–	(3.4)
Tax payable	(36.0)	(53.1)
Total current liabilities	<u>(740.3)</u>	<u>(994.0)</u>
NET CURRENT ASSETS	<u>3,984.2</u>	<u>2,778.4</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>24,602.3</u>	<u>24,855.9</u>
NON-CURRENT LIABILITIES		
Creditors and deposits received	(147.0)	(27.8)
Interest bearing bank borrowings	(6,187.0)	(6,362.1)
Other borrowings	(4,241.9)	(4,234.3)
Deferred tax liabilities	(1,004.8)	(1,034.7)
Total non-current liabilities	<u>(11,580.7)</u>	<u>(11,658.9)</u>
Net assets	<u>13,021.6</u>	<u>13,197.0</u>
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	92.4	92.4
Reserves	11,770.6	11,852.8
	<u>11,863.0</u>	<u>11,945.2</u>
Non-controlling interests	<u>1,158.6</u>	<u>1,251.8</u>
Total equity	<u>13,021.6</u>	<u>13,197.0</u>

Notes:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The financial statements of the Group 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, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, certain available-for-sale investments, financial assets at fair value through profit or loss and derivative financial instruments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest million except when otherwise indicated.

The Group has adopted the following revised standards for the first time for the current year’s financial statements.

Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions

Annual Improvements to HKFRSs 2010-2012 Cycle

Annual Improvements to HKFRSs 2010-2013 Cycle

The adoption of these revised standards has had no significant financial effect on the Group’s results of operation and financial position.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities on the Stock Exchange issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2. Operating Segment Information

For management purposes, the Group is organised into business units based on their products and services and has six reportable operating segments as follows:

- (a) the hotel operation and management and hotel ownership segment engages in hotel operations and the provision of hotel management services, and the ownership in hotel properties for rental income through Regal REIT;
- (b) the asset management segment engages in the provision of asset management services to Regal REIT;
- (c) the property development and investment segment includes investments in properties for sale and for rental income, and the provision of property agency and management services;
- (d) the financial assets investments segment engages in trading of financial assets at fair value through profit or loss and other financial assets investments;
- (e) the aircraft ownership and leasing segment engages in the aircraft ownership and leasing for rental income; and
- (f) the others segment mainly comprises travel agency services, sale of food products and development and distribution of multimedia entertainment and digital educational content and multi-platform social games.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that certain interest income, finance costs, head office and corporate gains and expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, tax recoverable, restricted cash, pledged time deposits and bank balances, time deposits, cash and bank balances, and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest bearing bank borrowings, other borrowings, derivative financial instruments in relation to interest rate swaps, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Following the acquisition of additional aircraft during the current year, the Group has increased its focus on the aircraft ownership and leasing business. A change on the reporting structure of operating segments was made for facilitating management to make decisions about operating matters, resources allocation and performance assessment. Accordingly, an additional reportable operating segment of “Aircraft ownership and leasing” was separately disclosed and certain comparative amounts previously reported under the reportable operating segment of “Others” have been reclassified and restated to conform with the current year’s presentation.

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's operating segments for the years ended 31st December, 2015 and 2014:

	Hotel operation and management and hotel ownership		Asset management		Property development and investment		Financial assets investments		Aircraft ownership and leasing		Others		Eliminations		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
Segment revenue:																
Sales to external customers	2,171.3	2,200.9	-	-	133.6	14.2	38.0	21.9	91.9	33.8	37.0	27.8	-	-	2,471.8	2,298.6
Intersegment sales	-	-	96.2	134.7	5.3	5.8	-	-	-	-	3.1	3.2	(104.6)	(143.7)	-	-
Total	2,171.3	2,200.9	96.2	134.7	138.9	20.0	38.0	21.9	91.9	33.8	40.1	31.0	(104.6)	(143.7)	2,471.8	2,298.6
Segment results before depreciation	835.3	1,034.1	(13.5)	(16.2)	125.0	126.5	63.7	70.3	118.0	29.6	(4.7)	(9.5)	-	-	1,123.8	1,234.8
Depreciation	(464.0)	(428.8)	(0.4)	(0.3)	(5.9)	(6.1)	-	-	(39.9)	(16.7)	(1.0)	(1.6)	-	-	(511.2)	(453.5)
Segment operating results	371.3	605.3	(13.9)	(16.5)	119.1	120.4	63.7	70.3	78.1	12.9	(5.7)	(11.1)	-	-	612.6	781.3
Unallocated interest income and unallocated non-operating and corporate gains															16.2	16.6
Unallocated non-operating and corporate expenses, net															(93.7)	(91.0)
Operating profit															535.1	706.9
Finance costs															(330.3)	(332.6)
Share of profits and losses of:																
Joint ventures	-	-	-	-	14.2	(20.9)	-	-	-	-	-	-	-	-	14.2	(20.9)
Associates	-	3.8	-	-	(3.5)	112.6	-	-	-	-	(18.7)	(19.7)	-	-	(22.2)	96.7
Profit before tax															196.8	450.1
Income tax															(36.9)	6.6
Profit for the year before allocation between equity holders of the parent and non-controlling interests															159.9	456.7
Attributable to:																
Equity holders of the parent															119.0	410.3
Non-controlling interests															40.9	46.4
															159.9	456.7

	Hotel operation and management and hotel ownership		Asset management		Property development and investment		Financial assets investments		Aircraft ownership and leasing		Others		Eliminations		Consolidated	
	2015 HK\$'M	2014 HK\$'M	2015 HK\$'M	2014 HK\$'M	2015 HK\$'M	2014 HK\$'M	2015 HK\$'M	2014 HK\$'M	2015 HK\$'M	2014 HK\$'M	2015 HK\$'M	2014 HK\$'M	2015 HK\$'M	2014 HK\$'M	2015 HK\$'M	2014 HK\$'M
Segment assets	15,747.1	16,116.4	37.5	46.7	2,915.1	2,999.0	1,157.7	1,244.9	387.1	201.7	24.9	16.7	(35.5)	(46.2)	20,233.9	20,579.2
Investments in joint ventures	-	-	-	-	3,327.6	3,258.5	-	-	-	-	-	-	-	-	3,327.6	3,258.5
Investments in associates	7.1	7.1	-	-	110.6	111.5	-	-	-	-	7.4	12.5	-	-	125.1	131.1
Cash and unallocated assets															1,656.0	1,881.1
Total assets															25,342.6	25,849.9
Segment liabilities	(379.6)	(411.4)	(1.5)	(3.4)	(5.3)	(6.0)	(18.1)	(8.1)	(170.1)	(29.5)	(3.9)	(4.9)	35.5	46.2	(543.0)	(417.1)
Bank borrowings and unallocated liabilities															(11,778.0)	(12,235.8)
Total liabilities															(12,321.0)	(12,652.9)
Other segment information:																
Interest income	(0.5)	(29.7)	-	-	(87.7)	(76.3)	(30.8)	(24.2)	-	-	-	-	-	-	-	-
Impairment of trade debtors	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fair value gains on financial assets at fair value through profit or loss, net	-	-	-	-	-	-	(14.3)	(42.3)	-	-	-	-	-	-	-	-
Fair value losses/(gains) on investment properties, net	(11.0)	(18.0)	-	-	15.7	11.0	-	-	-	-	-	-	-	-	-	-
Fair value gain upon reclassification of a property held for sale to an investment property	-	-	-	-	-	(58.0)	-	-	-	-	-	-	-	-	-	-
Gain on disposal of property, plant and equipment, net	(0.2)	-	-	-	-	-	-	-	(38.1)	-	-	-	-	-	-	-
Gain on bargain purchase	-	(35.0)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital expenditure	101.4	2,607.2	0.2	1.8	1.2	0.9	-	-	363.5	-	7.3	0.8	-	-	-	-

Geographical information

(a) Revenue from external customers

	2015	2014
	HK\$'M	HK\$'M
Hong Kong	2,285.5	2,220.0
Mainland China	43.5	33.3
Other	142.8	45.3
	2,471.8	2,298.6

The revenue information above is based on the locations of the customers, except for the property development and investment segment which is based on the locations of the properties.

(b) Non-current assets

	2015	2014
	HK\$'M	HK\$'M
Hong Kong	18,218.5	18,462.2
Mainland China	1,710.6	1,779.7
Other	469.2	288.5
	20,398.3	20,530.4

The non-current assets information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customer

No further information about major customer is presented as no more than 10% of the Group's revenue was derived from sales to any single customer.

3. Revenue, other income and gain are analysed as follows:

	2015	2014
	HK\$'M	HK\$'M
<u>Revenue</u>		
Hotel operations and management services	2,117.3	2,148.9
Other operations, including estate management, estate agency, travel agency and sale of food products	39.3	29.0
Rental income:		
Hotel properties	47.2	46.2
Investment properties	15.4	16.1
Aircraft	91.9	33.8
Others	2.7	2.7
Net gain from sale of financial assets at fair value through profit or loss	10.9	9.3
Net gain/(loss) on settlement of derivative financial instruments	1.4	(12.8)
Interest income from financial assets at fair value through profit or loss	18.5	13.7
Dividend income from listed investments	7.2	11.7
Sale of a property	120.0	–
	2,471.8	2,298.6
<u>Other income and gain</u>		
Bank interest income	14.8	15.7
Other interest income	101.2	116.7
Gain on disposal of items of property, plant and equipment, net	38.3	–
Others	14.3	37.1
	168.6	169.5

4. An analysis of profit/(loss) on sale of investments and a property of the Group included in the operating profit is as follows:

	2015	2014
	HK\$'M	HK\$'M
Profit from sale of financial assets at fair value through profit or loss	10.9	9.3
Profit/(Loss) on settlement of derivative financial instruments	1.4	(12.8)
Profit on disposal of a property	52.4	–
	<hr/>	<hr/>

5. Finance costs of the Group are as follows:

	2015	2014
	HK\$'M	HK\$'M
Interest on bank loans	119.2	115.0
Interest on other borrowings	183.0	182.9
Amortisation of debt establishment costs	23.1	24.8
	<hr/>	<hr/>
Total interest expenses on financial liabilities not at fair value through profit or loss	325.3	322.7
Fair value changes on derivative financial instruments – cash flow hedge (transfer from hedge reserve)	1.0	6.0
Other loan costs	4.0	3.9
	<hr/>	<hr/>
	330.3	332.6
	<hr/> <hr/>	<hr/> <hr/>

6. The income tax charge/(credit) for the year arose as follows:

	2015	2014
	HK\$'M	HK\$'M
Current – Hong Kong		
Charge for the year	83.0	86.8
Overprovision in prior years	(1.9)	(10.7)
Current – Overseas		
Charge for the year	0.9	0.6
Deferred	(45.1)	(83.3)
Total tax charge/(credit) for the year	36.9	(6.6)

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 16.5% (2014 – 16.5%) to the estimated assessable profits which were earned in or derived from Hong Kong during the year.

Taxes on the profits of subsidiaries operating overseas are calculated at the rates prevailing in the respective jurisdictions in which they operate.

The share of tax credit attributable to a joint venture and associates amounting to HK\$0.1 million and Nil, respectively (2014 – share of tax charge of HK\$0.1 million and HK\$4.2 million, respectively) is included in “Share of profits and losses of joint ventures and associates” in the consolidated statement of profit or loss.

7. Dividends:

	2015	2014
	HK\$'M	HK\$'M
Interim – HK4.0 cents (2014 – HK4.0 cents) per ordinary share	37.0	37.0
Proposed final – HK9.0 cents (2014 – HK12.0 cents) per ordinary share	83.2	110.9
	120.2	147.9

8. The calculation of the basic earnings per ordinary share is based on the profit for the year attributable to equity holders of the parent of HK\$119.0 million (2014 – HK\$410.3 million) and on the weighted average of 924.1 million (2014 – 929.5 million) ordinary shares of the Company in issue during the year.

No adjustment has been made to the basic earnings per ordinary share amount presented for the years ended 31st December, 2015 and 2014 as the Company had no potentially dilutive ordinary shares in issue and therefore no diluting events existed throughout the years.

9. Included in debtors, deposits and prepayments is an amount of HK\$1,518.3 million (2014 – HK\$1,498.2 million) representing the trade debtors of the Group. The aged analysis of these debtors as at the end of the reporting period is as follows:

	2015	2014
	HK\$'M	HK\$'M
Outstanding balances with ages:		
Within 3 months	125.7	112.0
Between 4 to 6 months	6.0	4.1
Between 7 to 12 months	5.3	2.7
Over 1 year	1,383.6	1,381.7
	<hr/> 1,520.6	<hr/> 1,500.5
Impairment	(2.3)	(2.3)
	<hr/> 1,518.3 <hr/>	<hr/> 1,498.2 <hr/>

Credit terms

Included in the trade debtors of the Group is a sum of HK\$1,372.7 million (2014 – HK\$1,372.7 million) due from the Cosmopolitan group in respect of the disposal of properties under development in Tianjin which is scheduled to be settled on or before 13th September, 2016. Other trade debtors generally have credit terms of 30 to 90 days. Trade debtors are recognised and carried at their original invoiced amounts less impairment which is made when collection of the full amounts is no longer probable. Bad debts are written off as incurred.

10. Included in creditors, deposits received and accruals is an amount of HK\$76.4 million (2014 – HK\$93.0 million) representing the trade creditors of the Group. The aged analysis of these creditors as at the end of the reporting period, based on the invoice date, is as follows:

	2015	2014
	HK\$'M	HK\$'M
Outstanding balances with ages:		
Within 3 months	76.3	92.1
Between 4 to 6 months	–	0.2
Between 7 to 12 months	–	0.3
Over 1 year	0.1	0.4
	<hr/> 76.4 <hr/>	<hr/> 93.0 <hr/>

The trade creditors are non-interest bearing and are normally settled on 30 to 60-day terms.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the year ended 31st December, 2015.

REVIEW OF RESULTS

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31st December, 2015, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditors.

CORPORATE GOVERNANCE

The Company has complied with the Code Provisions in the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange during the year ended 31st December, 2015, except that:

- (1) The roles of the Chairman and Chief Executive Officer are not separated and performed by two different individuals, due to practical necessity to cater to the Group's corporate operating structure.
- (2) The Non-Executive Director and Independent Non-Executive Directors of the Company were not appointed for specific terms, but in accordance with the provisions of the Bye-laws of the Company, all Directors (including the Non-Executive Director and the Independent Non-Executive Directors) of the Company are subject to retirement by rotation at least once every three years, and the retiring Directors are eligible for re-election.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises the following members:

Executive Directors:

Mr. LO Yuk Sui

(Chairman and Chief Executive Officer)

Miss LO Po Man

(Vice Chairman and Managing Director)

Ms. Belinda YEUNG Bik Yiu

(Chief Operating Officer)

Mr. Donald FAN Tung

Mr. Jimmy LO Chun To

Mr. Kenneth NG Kwai Kai

Mr. Allen WAN Tze Wai

Non-Executive Director:

Dr. Francis CHOI Chee Ming, GBS, JP

(Vice Chairman)

Independent Non-Executive Directors:

Ms. Alice KAN Lai Kuen

Professor Japhet Sebastian LAW

Mr. NG Siu Chan

Mr. WONG Chi Keung

By Order of the Board

LO YUK SUI

Chairman

Hong Kong, 22nd March, 2016