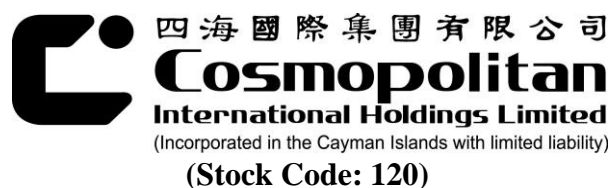


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## ANNOUNCEMENT OF 2015 GROUP FINAL RESULTS

### FINANCIAL AND BUSINESS HIGHLIGHTS

	Year 2015	Year 2014
	HK\$'000	HK\$'000
<b>Revenue</b>	9,152	(7,867)
<b>Gross profit/(loss)</b>	9,152	(7,867)
<b>Operating loss before depreciation, finance costs and tax</b>	(275,500)	(51,057)
<b>Loss for the year attributable to equity holders of the parent</b>	(344,938)	(127,361)
<b>Basic loss per share (including ordinary share and convertible preference share) attributable to equity holders of the parent</b>	HK(5.2) cents	HK(2.8) cents
	<b>As at 31st December</b>	
	<b>2015</b>	<b>2014</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Net asset value per share (including ordinary share and convertible preference share) attributable to equity holders of the parent</b>	<b>HK\$0.16</b>	<b>HK\$0.23</b>

- **The increase in the loss reported for 2015 was mainly due to the recording of a fair value loss on derivative financial instruments in relation to the option granted for the subscription of the optional convertible bonds and an impairment loss on certain property under development. These losses are non-cash in nature and, in particular, the recognition of the fair value loss on derivative financial instruments is purely to conform to applicable accounting standards and will not have any ultimate impact on the financial position of the Group.**
- **While the presale programme for the residential units in the Group's composite development in Tianjin in the PRC has progressed satisfactorily, in accordance with the current accounting standards, profits from the presale of development properties in China will only be recognised after completion of the construction works and the handover of the properties to the purchasers.**
- **Up to date, more than 96% of the marketed residential units in the first two residential towers of the project in Tianjin have been presold, realising contracted sale considerations in excess of RMB671 million. The remaining two residential towers and the commercial complex are presently planned to be marketed for presale later in the year.**
- **The construction works of three residential towers comprised within the first stage of the composite development in Chengdu are expected to be completed before the end of this year and the presale of the units is planned to be launched within the next quarter. The construction works of six other residential towers within the second stage of the development are scheduled to be completed in 2017 and the units presale is expected to be launched before the end of this year.**
- **The Group is formulating proposals for discussions with the vendors of the Tianjin and Chengdu development projects, which are effectively subsidiaries of P&R Holdings Limited, the intermediate holding company of the Company, and Regal Hotels International Holdings Limited, a fellow subsidiary of the Company, respectively, with a view to rescheduling the repayment date for the consideration payables to align with the latest development and sale schedules for the two projects.**

- **After the year end, in January 2016, the Group entered into a framework agreement with an independent third party to form a joint venture to invest in a licensed logistics services provider in Shanghai.**
- **The two core development projects of the Group in Tianjin and Chengdu are overall progressing satisfactorily and it is expected that when these projects are fully completed and sold, they will generate to the Group substantial cash flow and satisfactory profit contribution.**

## **FINANCIAL RESULTS**

For the year ended 31st December, 2015, the Company recorded a consolidated loss attributable to shareholders of HK\$344.9 million, as compared to a loss of HK\$127.4 million for year 2014.

As explained in the profit warning announcement of the Company dated 15th March, 2016, the increase in the loss reported for 2015 was mainly due to the recording of a fair value loss of HK\$146.4 million on derivative financial instruments in relation to the subscription option to subscribe for the optional convertible bonds granted in conjunction with the issue of the convertible bonds due 2017 of the Group in August 2014 and an impairment loss of HK\$57.0 million on certain property under development. These losses are non-cash in nature and, in particular, the recognition of the fair value loss on derivative financial instruments is purely to conform to applicable accounting standards and will not have any ultimate impact on the financial position of the Group.

Furthermore, it should also be noted that while the presale programme for the residential units in the Group's composite development in Tianjin in the People's Republic of China has progressed satisfactorily, in accordance with the current accounting standards, profits from the presale of development properties in China will only be recognised after completion of the construction works and the handover of the properties to the purchasers.

As at 31st December, 2015, the Group recorded net current liabilities of HK\$183.6 million, as the outstanding balance of the consideration payables aggregating HK\$2,881.9 million due to the vendors in relation to the Group's acquisition of the interests in the two property development projects in Chengdu and Tianjin in 2013, repayable on or before 13th September, 2016, is now recorded as current liabilities. The existing repayment date for the consideration payables was originally set by reference to the development and sale schedules for the two development projects formulated at the time of their acquisitions. However, due to the slowdown in the property market of China as a whole since 2013, the progress of the two developments has lagged behind the original projections.

The programme for the presale of the residential units in the Tianjin development commenced in October 2015 and the progress achieved so far has been satisfactory. In the meantime, the presale of the residential units in the Chengdu development has been planned to be launched in the second quarter of 2016. The vendors of the Chengdu and Tianjin projects, to whom the consideration payables are owed, are effectively subsidiaries of P&R Holdings Limited, the intermediate holding company of the Company, and Regal Hotels International Holdings Limited, a fellow subsidiary of the Company, respectively. The Group is formulating proposals for discussions with the vendors, with a view to rescheduling the repayment date for the consideration payables to align with the latest development and sale schedules for the two development projects, which will be subject to the requisite approvals by the shareholders of the relevant companies.

## **BUSINESS OVERVIEW**

The core business undertakings of the Group principally comprise the two composite property development projects in Tianjin and in Chengdu in Sichuan Province.

Since the beginning of 2015, the Chinese Government has been relaxing the fiscal policies controlling the property market in China, including the uplifting of the property purchase restrictions in most of the cities and the lowering of the amounts of the down payments for end user financings, with the objective to gradually reducing the high level of inventories in

the primary property market. These policy changes, coupled with the increased liquidity injected into the economy through the financial sectors, have stimulated the demands from end users and investors for the residential properties in the first tier cities, with the hike in the property prices in Shenzhen most noticeable. It is expected that this positive momentum will gradually diffuse into the property market in the second and third tier cities.

Benefitting from the policy changes and its proximity to the capital city of Beijing, the property market in Tianjin has substantially improved in 2015. There are four residential towers and a commercial complex under construction in the Group's composite development in the Hedong District in Tianjin. Two of the residential towers comprising 256 apartment units have been put onto the market for presale since October 2015. Up to date, more than 96% of the marketed residential units have been presold, realising contracted sale considerations in excess of RMB671 million. The remaining two residential towers and the commercial complex are presently planned to be marketed for presale later in the year.

In the meantime, the construction works of three residential towers comprised within the first stage of the composite development undertaken by the Group in Chengdu are expected to be completed before the end of this year and the presale of the units is planned to be launched within the next quarter. The construction works of six other residential towers comprised within the second stage of the development are scheduled to be completed in the second quarter of 2017 and the units presale is expected to be launched before the end of this year.

After the year end, in January 2016, the Group entered into a framework agreement with an independent third party to form a joint venture to invest in a licensed logistics services provider in Shanghai, China. If the proposed joint venture is successfully implemented, the Group and the third party will come to own, respectively, 60% and 40% shareholding interests in the logistics group. The amounts payable to the third party under the various transactions on the formation of the joint venture aggregate to HK\$57.05 million and will be satisfied through the issue of convertible bonds by the Group, convertible into new ordinary shares of the Company at an initial conversion price of HK\$0.35 per share. As part of the contemplated transactions, the logistics group will also be granted an option to acquire the properties at which the logistics services are now being operated as well as certain other related property interests.

The Group considers that this proposed investment in the logistics group is in line with its investment strategy. The Group anticipates that, through the proposed joint venture with the third party, the Group will be able to diversify and broaden its business portfolio through the expansion and development of the business of the logistics group and to capitalise on the increasing market demands for logistics services by e-commerce merchants in China. The implementation of the framework agreement is conditional on a number of conditions precedent being satisfied on or before 12th April, 2016, as recently extended. Further details on the terms of and the proposed arrangements under the framework agreement are contained in the announcement of the Company dated 13th January, 2016.

Detailed information on the various ongoing property projects of the Group is contained in the section headed “Management Discussion and Analysis” in this announcement.

## **OUTLOOK**

The Group believes that the economy of China will slowly stabilise and, with the policy support of the government, the property market in the second and third tier cities will gradually revive. The two core development projects of the Group in Tianjin and Chengdu are overall progressing satisfactorily. It is expected that when these projects are fully completed and sold, they will generate to the Group substantial cash flow and satisfactory profit contribution.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group is principally engaged in property development and investment, investment in financial assets and other investments.

The performance of the Group's property and other investment businesses during the year under review, their operating performance and future prospects are contained in the sections headed "Business Overview" and "Outlook" above 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 this sub-section.

A brief review on the property projects currently undertaken by the Group in the People's Republic of China 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 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 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 Group in this re-forestation and land grant contract remain valid and effective. The 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 Group successfully secure the development land and depending on the permitted land use, the Group preliminarily plans to develop on the land, in stages, a large scale mixed use development comprising residential, hotel, recreational and commercial properties.



## **FINANCIAL REVIEW**

### **ASSETS VALUE**

As at 31st December, 2015, the Group's net assets attributable to equity holders of the parent amounted to HK\$1,040.4 million, representing approximately HK\$0.16 per share (including ordinary share and convertible preference share).

### **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 acquisition of the two ongoing development projects in the PRC in 2013 has been financed by the vendors by way of deferred payment of the considerations payable for a period of 3 years, subject to the terms of the relevant sale and purchase agreements. Construction and related costs for the property projects for the time being are principally financed by internal resources and proceeds from the presale of the units. Project financing may be arranged on appropriate terms to cover a portion of the land cost and/or the construction cost, with the loan maturity matching with the estimated project completion date.

#### **Cash Flows**

Net cash flows used in operating activities during the year under review amounted to HK\$181.5 million (2014 – HK\$280.7 million). Net interest payment for the year amounted to approximately HK\$153.1 million (2014 – HK\$156.7 million).

#### **Borrowings and Gearing**

As at 31st December, 2015, the Group's borrowings, net of cash and bank balances and deposits, amounted to HK\$69.8 million (2014 – cash and bank balances and deposits, net of borrowings, of HK\$180.3 million).

As at 31st December, 2015, excluding the considerations payable to the vendors for the acquisition of the property development projects, the gearing ratio of the Group was 1.3% (2014 – no gearing), representing the Group’s borrowings net of cash and bank balances and deposits of HK\$69.8 million (2014 – net cash balance of HK\$180.3 million), as compared to the total assets of the Group of HK\$5,510.0 million (2014 – HK\$5,400.7 million)

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**

The Group’s equity interests in the relevant holding companies of the Group’s property development projects were pledged to secure the consideration payables and the related interest payables in respect of the acquisition of certain property development projects in September 2013.

There was no pledge of assets as at 31st December, 2015 to secure general banking facility granted to the Group.

As at 31st December, 2014, certain of the Group’s bank deposits and financial assets at fair value through profit or loss in the amount of HK\$13.8 million were pledged to secure general 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**

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

## **DIVIDEND**

The Directors have resolved not to recommend the payment of a final dividend for the year ended 31st December, 2015 (2014 – Nil). No interim dividend was paid for the year ended 31st December, 2015 (2014 – Nil).

## **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**

For the purpose of ascertaining shareholders’ entitlement to attend and vote at the 2016 Annual General Meeting, the Register of Ordinary Shareholders of the Company will be closed from Tuesday, 31st May, 2016 to Thursday, 2nd June, 2016, both days inclusive, during which period no transfers of ordinary shares will be effected. In order to be entitled to attend and vote at the 2016 Annual General Meeting, all transfers of ordinary shares and/or conversions of the convertible securities, duly accompanied by the relevant share certificates and/or the certificates of the convertible securities, together with, where appropriate, the relevant conversion notices, must be lodged with the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, no later than 4:30 p.m. on Monday, 30th May, 2016.

## YEAR END RESULTS

### Consolidated Statement of Profit or Loss

	Year ended 31st December, 2015	Year ended 31st December, 2014
	HK\$'000	HK\$'000
REVENUE (Notes 2 & 3)	9,152	(7,867)
Cost of sales	–	–
Gross profit/(loss)	9,152	(7,867)
Other income (Note 3)	2,842	3,263
Fair value gain/(loss) on derivative financial instruments in relation to convertible bonds	(146,415)	23,338
Fair value losses on other financial assets at fair value through profit or loss, net	(8,996)	(666)
Impairment loss on property under development	(57,000)	–
Property selling and marketing expenses	(12,637)	–
Administrative expenses	(62,446)	(69,125)
OPERATING LOSS BEFORE DEPRECIATION	(275,500)	(51,057)
Depreciation	(4,474)	(1,520)
OPERATING LOSS (Note 2)	(279,974)	(52,577)
Finance costs (Note 5)	(108,984)	(104,372)
Share of profit of a joint venture	29,770	29,767
LOSS BEFORE TAX	(359,188)	(127,182)
Income tax (Note 6)	14,250	(179)
LOSS FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	(344,938)	(127,361)
Attributable to:		
Equity holders of the parent	(344,938)	(127,361)
Non-controlling interests	–	–
	(344,938)	(127,361)

**Consolidated Statement of Profit or Loss (Cont'd)**

	<b>Year ended 31st December, 2015</b>	<b>Year ended 31st December, 2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>LOSS PER SHARE (INCLUDING ORDINARY SHARE AND CONVERTIBLE PREFERENCE SHARE) ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 8)</b>		
Basic	<b>HK(5.2) cents</b>	HK(2.8) cents
Diluted	<b>HK(5.2) cents</b>	HK(2.8) cents

## Consolidated Statement of Comprehensive Income

	Year ended 31st December, 2015	Year ended 31st December, 2014
	HK\$'000	HK\$'000
LOSS FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	(344,938)	(127,361)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translating foreign operations	(125,438)	(54,920)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(470,376)</u>	<u>(182,281)</u>
Attributable to:		
Equity holders of the parent	(470,376)	(182,281)
Non-controlling interests	–	–
	<u>(470,376)</u>	<u>(182,281)</u>

## Consolidated Statement of Financial Position

	31st December, 2015	31st December, 2014
	HK\$'000	HK\$'000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	37,153	15,804
Properties under development	1,297,349	1,305,087
Investment in a joint venture	575,639	575,639
Goodwill	235,090	234,522
Prepayments (Note 9)	71,607	69,689
Total non-current assets	<u>2,216,838</u>	<u>2,200,741</u>
<b>CURRENT ASSETS</b>		
Properties under development	2,664,931	2,379,674
Debtors, deposits and prepayments (Note 9)	36,322	29,493
Financial assets at fair value through profit or loss	194,569	160,279
Restricted cash	131,330	–
Pledged time deposits	–	6,337
Time deposits	12,790	56,956
Cash and bank balances	253,248	567,186
Total current assets	<u>3,293,190</u>	<u>3,199,925</u>
<b>CURRENT LIABILITIES</b>		
Creditors and accruals (Note 10)	(277,497)	(158,368)
Other payables (Note 11)	(2,881,901)	–
Deposits received	(313,555)	(3,481)
Interest bearing bank borrowing	–	(4,000)
Derivative financial instruments	(2,824)	(1,411)
Tax payable	(1,005)	(1,016)
Total current liabilities	<u>(3,476,782)</u>	<u>(168,276)</u>
NET CURRENT ASSETS/(LIABILITIES)	<u>(183,592)</u>	<u>3,031,649</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>2,033,246</u>	<u>5,232,390</u>

## Consolidated Statement of Financial Position (Cont'd)

	31st December, 2015	31st December, 2014
	HK\$'000	HK\$'000
<b>NON-CURRENT LIABILITIES</b>		
Other payables (Note 11)	–	(2,881,901)
Convertible bonds	(467,191)	(446,223)
Derivative financial instruments	(177,361)	(30,946)
Deferred tax liabilities	(348,286)	(362,536)
Total non-current liabilities	<u>(992,838)</u>	<u>(3,721,606)</u>
Net assets	<u>1,040,408</u>	<u>1,510,784</u>
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the parent</b>		
Issued capital	13,193	13,193
Reserves	1,027,189	1,497,565
	<u>1,040,382</u>	<u>1,510,758</u>
<b>Non-controlling interests</b>	<b>26</b>	<b>26</b>
Total equity	<u>1,040,408</u>	<u>1,510,784</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 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 thousand except when otherwise indicated.

As at 31st December, 2015, the Group had net current liabilities of HK\$183,592,000 (2014 – net current assets of HK\$3,031,649,000). The net current liabilities position was attributable to the outstanding balance of the consideration payables aggregating HK\$2,881,901,000 (the “Consideration Payables”) due to Regal International (BVI) Holdings Limited, a fellow subsidiary of the Group, P&R Holdings Limited, an intermediate holding company of the Group, and Faith Crown Holdings Limited, a joint venture of the Group, (collectively, the “Vendors”) in relation to the Group’s acquisitions of certain property development projects in 2013. The Consideration Payables are classified as other payables under current liabilities and are repayable on or before 13th September, 2016 as disclosed in Note 11. This condition indicates the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern and, therefore, that the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

The Directors of the Company are formulating proposals for discussions with the Vendors, with a view to rescheduling the repayment date for the Consideration Payables to align with the latest development and sale schedules for the two development projects,

which will be subject to the requisite approvals by the shareholders of the relevant companies.

Based on the contemplated proposals as set out in the preceding paragraph, the Directors of the Company have given careful consideration to the future liquidity of the Group and are of the opinion that the Group will be able to meet its financial obligations as they fall due for the foreseeable future, and accordingly, are satisfied that it is appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that might be necessary should the Group not be able to continue as a going concern.

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 two reportable operating segments as follows:

- (a) the property development and investment segment comprises the development and sale of properties and the leasing of properties; and
- (b) the financial assets investments segment engages in trading of financial assets at fair value through profit or loss and other financial assets investments.

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 loss before tax except that certain interest income, finance costs, head office and corporate gains and expenses are excluded from such measurement.

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

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

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:

	Property development and investment		Financial assets investments		Consolidated	
	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:						
Sales to external customers	-	-	9,152	(7,867)	9,152	(7,867)
Segment results before depreciation	(102,603)	(36,807)	(6)	(8,116)	(102,609)	(44,923)
Depreciation	(4,069)	(1,213)	-	-	(4,069)	(1,213)
Segment results	(106,672)	(38,020)	(6)	(8,116)	(106,678)	(46,136)
Unallocated interest income and unallocated non-operating and corporate gains					2,094	26,006
Unallocated non-operating and corporate expenses					(175,390)	(32,447)
Operating loss					(279,974)	(52,577)
Finance costs	(75,460)	(84,871)	-	-	(75,460)	(84,871)
Unallocated finance costs					(33,524)	(19,501)
Share of profit of a joint venture	29,770	29,767	-	-	29,770	29,767
Loss before tax					(359,188)	(127,182)
Income tax					14,250	(179)
Loss for the year before allocation between equity holders of the parent and non-controlling interests					(344,938)	(127,361)
Attributable to:						
Equity holders of the parent					(344,938)	(127,361)
Non-controlling interests					-	-
					(344,938)	(127,361)

	<b>Property development and investment</b>		<b>Financial assets investments</b>		<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Segment assets	4,322,280	4,007,491	211,867	184,363	4,534,147	4,191,854
Investment in a joint venture	575,639	575,639	-	-	575,639	575,639
Cash and unallocated assets					400,242	633,173
<b>Total assets</b>					<b>5,510,028</b>	<b>5,400,666</b>
Segment liabilities	(3,466,706)	(3,037,021)	(4,272)	(3,462)	(3,470,978)	(3,040,483)
Interest bearing bank borrowings and unallocated liabilities	-	-	-	-	(998,642)	(849,399)
<b>Total liabilities</b>					<b>(4,469,620)</b>	<b>(3,889,882)</b>
Other segment information:						
Capital expenditure	490,664	240,496	-	-		
Fair value loss/(gain) on derivative financial instruments in relation to convertible bonds	-	-	146,415	(23,338)		
Fair value losses on other financial assets at fair value through profit or loss, net	-	-	8,996	666		
Interest income	-	-	(1,226)	(4,667)		

### Geographical information

(a) Since the Group's revenue is substantially derived from its financial assets at fair value through profit or loss in Hong Kong, no geographical information in respect of revenue from external customers is presumed in accordance with HKFRS 8 *Operating Segments*.

(b) Non-current assets

	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong	<b>1,841</b>	1,767
Mainland China	<b>2,214,997</b>	2,198,974
	<b>2,216,838</b>	2,200,741

The non-current assets information above is based on the locations of assets.

### Information about a major customer

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

3. Revenue and other income are analysed as follows:

	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<u>Revenue</u>		
Net gain/(loss) from sale/settlement of financial assets at fair value through profit or loss	2,855	(14,564)
Dividend income from listed investments	5,071	2,625
Interest income from corporate bonds	1,226	4,072
	<u>9,152</u>	<u>(7,867)</u>
<u>Other income</u>		
Interest income from:		
Bank balances and time deposits	2,091	2,494
Held-to-maturity investments	–	595
Others	751	174
	<u>2,842</u>	<u>3,263</u>

4. An analysis of profit/(loss) on sale of investments of the Group is as follows:

	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Profit/(Loss) from sale/settlement of financial assets at fair value through profit or loss	<u>2,855</u>	<u>(14,564)</u>

5. Finance costs of the Group are as follows:

	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interest expenses on convertible bonds	<b>33,468</b>	12,255
Interest on bank loans	<b>56</b>	323
Interest on other borrowings	–	6,923
Interest on other payables	<b>144,095</b>	153,506
	<b>177,619</b>	173,007
Less: Finance costs capitalised	<b>(68,635)</b>	(68,635)
	<b>108,984</b>	104,372

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

	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current – Overseas		
Charge for the year	–	179
Deferred	<b>(14,250)</b>	–
Tax charge/(credit) for the year	<b>(14,250)</b>	179

No provision for Hong Kong and overseas profits tax have been made as the Group did not generate any assessable profits arising in Hong Kong and overseas during the year (2014 – Nil).

No provision for tax was required for the joint venture as no assessable profits were earned by the joint venture during the year (2014 – Nil).



7. Dividend:

No dividend was paid or proposed during the year ended 31st December, 2015, nor has any dividend been proposed since the end of the reporting period (2014 – Nil).

8. (a) Basic loss per share

The calculation of the basic loss per share is based on the loss for the year attributable to equity holders of the parent of HK\$344,938,000 (2014 – HK\$127,361,000) and on the weighted average of 6,596,414,000 shares of the Company in issue during the year ended 31st December, 2015 (including ordinary shares and convertible preference shares) (2014 – 4,625,666,000 shares, as adjusted to reflect the effect of the consolidation of ordinary shares of the Company on the basis that every ten existing issued and unissued ordinary shares of HK\$0.0002 each were consolidated into one ordinary share of HK\$0.002 each effective on 15th July, 2014 and the open offer completed on 18th August, 2014 on the basis that holders of each consolidated share of the Company would be entitled to subscribe for two consolidated shares and/or convertible preference shares of the Company).

(b) Diluted loss per share

No adjustment has been made to the loss per share amount presented for the years ended 31st December, 2015 and 2014 in respect of a dilution, as the impact of the convertible bonds outstanding during the year had an anti-dilutive effect on the loss per share amount presented.

9. Debtors, deposits and prepayments are analysed as follows:

	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Non-current asset		
Prepayments (Note (a))	<b>71,607</b>	69,689
	<hr/>	<hr/>
Current assets		
Prepayments	<b>17,098</b>	1,628
Deposits	<b>1,141</b>	3,226
Other receivables	<b>18,083</b>	24,639
	<hr/>	<hr/>
	<b>36,322</b>	29,493
	<hr/> <hr/>	<hr/> <hr/>

None of the above assets is either past due or impaired. The financial assets included in above balances related to deposits and other receivables for which there was no recent history of default.

Note:

(a) The amount related to the costs incurred in relation to a re-forestation project in Urumqi, Xinjiang Uygur Autonomous Region, the PRC. In accordance with the prevailing relevant policies and regulations, upon the agreed completion (and had been certified by the relevant government authorities) of re-forestation works in respect of that land, as well as the completion of the land listing and tender procedures in accordance with the relevant rules and regulations, the Group shall be either entitled to the land use right of 30% of the overall project area of such land for development purposes or reimbursed for the costs incurred in the re-forestation project.

In the prior years, the Group completed the milestones required by the relevant PRC government authorities and obtained affirmations to confirm the fulfillments of the conditions agreed with the relevant policies and regulations. Despite the delay in the progress of the re-forestation works, based on the latest legal opinion obtained, the legitimate interests of the Group in this re-forestation and land grant contract remain valid and effective and the Directors of the Company are of the opinion that costs incurred for the re-forestation works are fully recoverable in future in accordance with the applicable policies and regulations.

10. Creditors and accruals are analysed as follows:

	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Creditors	<b>218,981</b>	72,978
Accruals	<b>14,507</b>	9,671
Due to an intermediate holding company	<b>4,753</b>	4,753
Due to fellow subsidiaries	<b>21,475</b>	53,185
Due to a joint venture	<b>17,781</b>	17,781
	<b>277,497</b>	158,368

Except for an aggregate amount of HK\$978,000 (2014 – HK\$32,688,000) included in the amounts due to fellow subsidiaries which is unsecured, interest free and has no fixed terms of repayment, the amounts due to an intermediate holding company, a fellow subsidiary and a joint venture in an aggregate amount of HK\$43,031,000 (2014 – HK\$43,031,000) included in current liabilities represent the accrued interest on the other payables and are secured by the pledge over the equity interest in the relevant holding companies of the Group's property development projects and repayable within one year.

11. Other payables are analysed as follows:

	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current liabilities		
Other payables:		
Due to an intermediate holding Company	<b>318,318</b>	–
Due to a fellow subsidiary	<b>1,372,711</b>	–
Due to a joint venture	<b>1,190,872</b>	–
	<u><b>2,881,901</b></u>	<u>–</u>
Non-current liabilities		
Other payables:		
Due to an intermediate holding Company	–	318,318
Due to a fellow subsidiary	–	1,372,711
Due to a joint venture	–	1,190,872
	<u>–</u>	<u>2,881,901</u>

Other payables are secured by the pledge over the equity interests in the relevant holding companies of the Group's property development projects, bear interest at 5% (2014 – 5%) per annum. The amounts are due on 13th September, 2016 and, accordingly, they are classified as current liabilities for the year ended 31st December, 2015.

## **EXTRACT FROM INDEPENDENT AUDITORS' REPORT**

The following is an extract of the independent auditors' report issued by the Group's independent auditors:

### **“Opinion**

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

### **Emphasis of matter**

Without qualifying our opinion, we draw attention to note 2.1 to the financial statements which indicates that as at 31st December, 2015, the Group had net current liabilities of HK\$183,592,000. Such condition, along with other matters as set forth in note 2.1 to the financial statements, indicates the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.”

## **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 Articles of Association 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)*

Mr. Jimmy LO Chun To

*(Vice Chairman and Managing Director)*

Miss LO Po Man

*(Vice Chairman)*

Mr. Kenneth WONG Po Man

*(Chief Operating Officer)*

Mr. Kelvin LEUNG So Po

*(Chief Financial Officer)*

Mr. Daniel BONG Shu Yin

Mr. Kenneth NG Kwai Kai

***Non-Executive Director:***

Mr. Francis BONG Shu Ying

***Independent Non-Executive Directors:***

Ms. Alice KAN Lai Kuen

Mr. LEE Choy Sang

Mr. David LI Ka Fai

Hon Abraham SHEK Lai Him, GBS, JP

By Order of the Board

**LO YUK SUI**

Chairman

Hong Kong, 22nd March, 2016