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HARBOUR CENTRE DEVELOPMENT LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 51

2015 Final Results Announcement

HIGHLIGHTS

- Group core profit increased by 40% from 2014 to HK\$1,194 million.
- Main contributor Development Properties recovered to the level of 2013 after a significant decline in 2014.
- Performance of all other segments retreated, with combined contribution decreasing by 15%.
- Investment Properties appreciated by 1% on annual revaluation.
- Group profit increased by 14% from 2014 to HK\$1,231 million.
- Net cash increased to HK\$1,647 million and more capital will be released as Development Properties wind down.
- Re-investment in Investment Properties and Hotel will take time to reach maturity.

GROUP RESULTS

Underlying core profit for the year increased by 40% to HK\$1,194 million (2014: HK\$851 million).

Group profit attributable to equity shareholders, including investment property revaluation surplus, amounted to HK\$1,231 million (2014: HK\$1,082 million) for a 14% increase from 2014. Basic earnings per share were HK\$1.74 (2014: HK\$1.53).

DIVIDENDS

A first interim dividend of 14 HK cents per share was paid on 17 September 2015. In lieu of a final dividend, a second interim dividend of 56 HK cents per share will be paid on 21 April 2016 to Shareholders on record as at 5 April 2016. Total distribution for the year of 2015 will amount to 70 HK cents (2014: 60 HK cents) per share.

BUSINESS REVIEW

Phased completion of a high-margin Development Properties (“DP”) project in Suzhou lifted Group core profit by 40% to HK\$1,194 million. DP rebounded to the level of 2013 after a significant decline in 2014. However, contribution across all other segments retreated and collectively decreased by 15% as the relevant markets came under severe pressure.

Hong Kong Portfolio

Investment Properties

The segment reported a 5% decrease in revenue and a 7% decrease in operating profit. Star House re-opened after revamp, including the opening of a 46,000-square-foot *Eslite Spectrum*. This portfolio, independently revalued as at year-end, appreciated by 1% and reported a net revaluation surplus of HK\$37 million.

Hotel

The performance of Marco Polo Hongkong Hotel was overshadowed by a noticeable decrease in tourist arrivals to Hong Kong. Against the background of weakened room demand, average occupancy declined to 82%, and average room rate dropped by 9%. Revenue decreased by 12% and operating profit by 13%.

Conversion of Murray Building into an urban chic hotel is progressing to plan. Targeted for opening in late 2017, the hotel will overlook the heart of Central.

China Portfolio

Development Properties

DP contribution was substantially boosted by the phased completion of Suzhou Times City, with a 10% decrease in revenue but a 174% increase in operating profit. Initial completion of Shanghai South Station gave rise to a 145% increase in JV/associate contributions. China DP’s share of Group core profit increased to 60% (2014: 34%).

As at 31 December 2015, the Group had an attributable land bank of 1.0 million square metres at a book value of HK\$10.0 billion including cumulative development cost of HK\$5.4 billion.

Favourable market sentiment spurred a 41% increase in the Group’s attributable interest in contracted sales (including JV/associate projects) to RMB5.3 billion. 2,224 residences and retail units (total GFA: 316,000 square metres) across five projects were sold/pre-sold. The net order book as at year-end was RMB5.1 billion for 2,775 residences and retail units (total GFA: 352,000 square metres).

Additional phases of 80%-owned Suzhou Times City (total GFA: 883,000 square metres) were

completed in 2015. Full completion is targeted for 2017.

27%-owned Shanghai South Station project (total GFA: 494,000 square metres) in Xuhui District, led by China Vanke Company Limited, is located next to Shanghai South Railway Station and is well connected to the existing Metro Line 1 & 3 and future Line 15 stations. Pre-sale of initial phases commenced in 2015. Full completion is scheduled for 2020.

Additional phases of 55%-owned The U World in Chongqing (total GFA: 423,000 square metres), were completed in 2015. Full completion is targeted for 2016.

Wholly-owned Changzhou Times Palace (total GFA: 635,000 square metres) is scheduled for full completion in 2016.

Investment Properties

80%-owned Suzhou International Finance Square (“IFS”) is a 450-metre commercial landmark (comparable to the tallest building in Hong Kong) under development. It is well located in the new CBD overlooking Jinji Lake, and is adjacent to Xinghu Street MTR station (Line 1). The development (total GFA: 278,000 square metres) will comprise Grade A offices, luxurious apartments and a premium boutique hotel. Full completion is targeted for 2017. Its superb location and premium quality will enable it to stand out from the competition.

Hotel

Marco Polo Changzhou is operating in a challenging market. Its performance has not yet stabilised and continued to affect profitability.

In Suzhou, construction of a 133-room premium sky hotel at Suzhou IFS with full scenery of the city is underway. First revenue contribution is poised to begin in 2018 or beyond.

FINANCIAL REVIEW

(I) Review of 2015 Final Results

Group core profit increased year-on-year by 40% to HK\$1,194 million (2014: HK\$851 million), mainly benefiting from recovery in Mainland Development Properties (“DP”) to HK\$719 million, which accounted for 60% of Group core profit, on more phased completion for Suzhou Times City and Shanghai South Station projects.

Revenue and Operating Profit

Group revenue decreased by 11% to HK\$5,048 million (2014: HK\$5,646 million) yet operating profit rose by 44% to HK\$1,622 million (2014: HK\$1,124 million).

DP revenue decreased by 10% to HK\$3,930 million (2014: HK\$4,361 million) with revenue recognition mainly from Suzhou Times City and Changzhou Times Palace. Operating profit improved by 174% to HK\$1,041 million (2014: HK\$380 million) due to a better overall operating margin of 26% (2014: 9%). Coupled with higher contribution from joint venture and associates, DP core profit increased by 149% to HK\$719 million (2014: HK\$289 million).

Investment Properties (“IP”) revenue and operating profit declined by 5% to HK\$344 million (2014: HK\$363 million) and 7% to HK\$309 million (2014: HK\$334 million), respectively. A drop in turnover rent was reported for the retail areas in Marco Polo Hongkong Hotel (“MPHK Hotel”) and rental from Star House was affected by the transition to a new anchor tenant *Eslite Spectrum*.

Hotel revenue and operating profit fell by 7% to HK\$628 million (2014: HK\$674 million) and 21% to HK\$138 million (2014: HK\$175 million), respectively. Decline in both room rate and occupancy for MPHK Hotel and pre-stabilisation operating loss from Macro Polo Changzhou were reported.

Operating profit from Investment and Others segment, consisting of interest and dividend from the Group’s surplus cash and investments, decreased by 41% to HK\$146 million (2014: HK\$248 million), primarily due to a drop in interest income.

Contracted DP Sales

Inclusive of joint venture and associates on an attributable basis, the Group contracted property sales for RMB5,264 million (2014: RMB3,734 million). The net order book increased to RMB5,056 million (2014: RMB4,064 million) that is available for recognition in stages on completion of various DP projects.

Increase in Fair Value of Investment Properties

The Group’s completed IP were stated at fair value based on an independent valuation as at 31 December 2015, which resulted in a revaluation surplus of HK\$37 million (2014: HK\$231 million). IP under development were carried at cost and would not be carried at fair value until the earlier of their fair values first becoming reliably

measurable or the dates of completion.

Other Net Income

Increase in other net income by HK\$26 million to HK\$79 million was mainly attributable to profit from sale of available-for-sale investments.

Finance Costs

Net finance costs amounted to HK\$59 million (2014: HK\$35 million) after interest capitalisation of HK\$32 million (2014: HK\$126 million) for the Group's projects.

Share of Results after Tax of Joint Venture and Associates

Joint venture profit from The U World in Chongqing slightly decreased by 2% to HK\$95 million (2014: HK\$97 million).

Associate profit is contributed from Shanghai South Station project, which recognised an initial profit of HK\$133 million (2014: loss of HK\$4 million).

Income Tax

Taxation charge for the year increased by 41% to HK\$502 million (2014: HK\$355 million) due to increase in taxable profits.

Profit Attributable to Equity Shareholders

Group profit attributable to equity shareholders for the year amounted to HK\$1,231 million (2014: HK\$1,082 million), representing an increase of 14%.

Earnings per share ("EPS") was reported at \$1.74 (2014: HK\$1.53) based on 708.8 million issued shares. Excluding IP revaluation surplus, EPS was HK\$1.68 (2014: HK\$1.20).

(II) Liquidity, Financial Resources and Commitments

Shareholders' and Total Equity

As at 31 December 2015, shareholders' equity stood at HK\$16,185 million (2014: HK\$16,205 million), equivalent to HK\$22.84 per share (2014: HK\$22.86 per share), which has been adversely impacted by attributable investment revaluation deficit of HK\$255 million and exchange deficit of HK\$557 million on translation of Mainland net assets resulting from RMB depreciation. Including the non-controlling interests, the Group's total equity stood at HK\$17,330 million (2014: HK\$17,246 million).

MPHK Hotel and Marco Polo Changzhou are stated at cost less accumulated depreciation in accordance with prevailing Hong Kong Financial Reporting Standards. Restating the hotel properties based on independent valuation as at 31 December 2015 would give rise to an additional revaluation surplus totalling HK\$4,139 million and increase the Group's shareholders' equity as at 31 December 2015 to HK\$20,324 million, equivalent to HK\$28.68 per share.

Assets

Group total assets rose slightly to HK\$29,651 million (2014: HK\$29,542 million). Total business assets, excluding bank deposits and cash, available-for-sale investments, deferred tax assets and other derivative financial assets, decreased by 9% to HK\$20,707 million (2014: HK\$22,704 million) mainly due to reduction in DP for sale.

IP as at 31 December 2015 increased by 9% to HK\$7,876 million (2014: HK\$7,253 million), representing 38% of the Group's total business assets. Hong Kong IP amounted to HK\$5,414 million (2014: HK\$5,377 million), comprising of MPMK Hotel's podium and Star House units valued at HK\$4,830 million and HK\$584 million, respectively. Mainland IP under development, mainly for Suzhou IFS, were stated at book cost of HK\$2,462 million (2014: HK\$1,876 million).

Mainland DP for sale decreased by 46% to HK\$2,699 million (2014: HK\$4,979 million). In addition, DP investments undertaken through associates and joint ventures amounted to HK\$3,647 million (2014: HK\$4,186 million).

Other major business assets mainly included hotel properties at MPMK Hotel, Murray Building, Marco Polo Changzhou and other fixed assets with book cost totalling HK\$5,677 million.

Geographically, the Group's business assets in the Mainland decreased by 19% to HK\$10,002 million (2014: HK\$12,350 million), representing 48% (2014: 54%) of the Group's total business assets.

Net Cash and Gearing

Group net cash as at 31 December 2015 amounted to HK\$1,647 million, consisting of HK\$6,447 million in cash and HK\$4,800 million in bank borrowings, compared to HK\$767 million as at 31 December 2014.

Finance and Availability of Facilities and Funds

As at 31 December 2015, the Group's available loan facilities amounted to HK\$5,900 million, of which HK\$4,800 million were utilised. HK\$400 million is repayable within one year while the balance is due between two and five years.

The Group's debts were entirely denominated in HK dollars and in floating rate. Further borrowings will be sourced to finance the Group's property and hotel development projects.

The use of derivative financial instruments is strictly controlled. The majority of the derivative financial instruments entered into by the Group are primarily used for hedging of the Group's interest rate and currency exposures.

The Group continued to maintain a reasonable level of surplus cash denominated principally in HKD and RMB to facilitate business and investment activities. As at 31 December 2015, the Group also maintained a portfolio of available-for-sale

investments principally consisting of blue chip listed securities, with an aggregate market value of HK\$2,450 million (2014: HK\$1,550 million), which is available for liquidation to meet needs if they arise. The performance of the portfolio was largely in line with the general market.

Net Cash Flows for Operating and Investing Activities

For the year under review, the Group generated a net cash inflow from operating activities of HK\$3,056 million (2014: HK\$2,553 million), mainly attributable to pre-sales proceeds net of construction cost payment for the Mainland development projects. For investing activities, the Group recorded a net cash outflow of HK\$1,451 million (2014: HK\$879 million), primarily for Murray Building and Suzhou IFS projects.

Commitments to Capital and Development Expenditure

As at 31 December 2015, major capital and development expenditure in the forthcoming years totalled HK\$9.8 billion, of which HK\$5.0 billion was committed, including HK\$2.0 billion and HK\$3.0 billion respectively for Murray Building and Mainland projects. Uncommitted expenditure of HK\$4.8 billion is mainly for the existing Mainland DP to be incurred by stages in the forthcoming years.

The above commitments and planned expenditures will be funded by internal financial resources, including cash on hand and future property sales proceeds, as well as bank loans. Other available resources include available-for-sale investments that can be liquidated when in need.

(III) Human Resources

The Group had approximately 900 employees as at 31 December 2015. Employees are remunerated according to their job responsibilities and the market pay trend with a discretionary annual performance bonus as variable pay for rewarding individual performance and contributions to the Group's achievement and results.

CONSOLIDATED INCOME STATEMENT
For The Year Ended 31 December 2015

	Note	2015 HK\$ Million	2014 HK\$ Million
Revenue	2	5,048	5,646
Direct costs and operating expenses		(3,136)	(4,253)
Selling and marketing expenses		(138)	(134)
Administrative and corporate expenses		(90)	(72)
Operating profit before depreciation, interest and tax		1,684	1,187
Depreciation		(62)	(63)
Operating profit	2&3	1,622	1,124
Increase in fair value of investment properties		37	231
Other net income	4	79	53
		1,738	1,408
Finance costs	5	(59)	(35)
Share of results after tax of:			
Joint ventures		95	97
Associates		133	(4)
Profit before taxation		1,907	1,466
Income tax	6(a)	(502)	(355)
Profit for the year		1,405	1,111
Profit attributable to:			
Equity shareholders		1,231	1,082
Non-controlling interests		174	29
		1,405	1,111
Earnings per share	7		
Basic		HK\$1.74	HK\$1.53
Diluted		HK\$1.74	HK\$1.53

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For The Year Ended 31 December 2015

	2015 HK\$ Million	2014 HK\$ Million
Profit for the year	1,405	1,111
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange difference on translation of the operations of:	(627)	(44)
- subsidiaries	(515)	(36)
- joint ventures	(112)	(8)
Fair value changes on available-for-sale investments:	(255)	210
- (deficit) / surplus on revaluation	(219)	210
- transferred to profit or loss on disposal	(36)	-
Others	-	(3)
Other comprehensive income for the year	(882)	163
Total comprehensive income of the year	523	1,274
Total comprehensive income attributable to:		
Equity shareholders	419	1,249
Non-controlling interests	104	25
	523	1,274

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2015

	Note	2015 HK\$ Million	2014 HK\$ Million
Non-current assets			
Investment properties		7,876	7,253
Hotel properties, plant and equipment		5,677	5,429
Interest in associates		1,608	2,059
Interest in joint ventures		2,039	2,127
Available-for-sale investments		2,450	1,550
Deferred tax assets		46	19
Derivative financial assets		-	4
Other non-current assets		16	17
		19,712	18,458
Current assets			
Properties for sale		2,699	4,979
Inventories		3	5
Trade and other receivables	9	660	716
Derivative financial assets		1	80
Prepaid tax		129	119
Bank deposits and cash		6,447	5,185
		9,939	11,084
Total assets		29,651	29,542
Non-current liabilities			
Derivative financial liabilities		-	(3)
Deferred tax liabilities		(69)	(35)
Bank loans		(4,400)	(4,168)
		(4,469)	(4,206)
Current liabilities			
Trade and other payables	10	(2,600)	(3,303)
Pre-sale deposits and proceeds		(4,691)	(4,373)
Derivative financial liabilities		(2)	(45)
Taxation payable		(159)	(119)
Bank loans		(400)	(250)
		(7,852)	(8,090)
Total liabilities		(12,321)	(12,296)
NET ASSETS		17,330	17,246
Capital and reserves			
Share capital		3,641	3,641
Reserves		12,544	12,564
Shareholders' equity		16,185	16,205
Non-controlling interests		1,145	1,041
TOTAL EQUITY		17,330	17,246

NOTES TO THE FINANCIAL INFORMATION

1. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION

These financial information have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial information also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies and methods of computation used in the preparation of the financial information are consistent with those used in the annual financial statements for the year ended 31 December 2014 except for the changes mentioned below.

The HKICPA has issued certain amendments to HKFRSs which are first effective for the current accounting period of the Group. These amendments do not have a significant impact on the Group’s results and financial position for the current or prior periods have been prepared or presented.

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, HKAS 24 Related Party Disclosures has been amended to expand the definition of a “related party” to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments have no significant impact on the Group’s disclosures.

The Group has not applied any new standards or interpretation that is not yet effective for the current accounting period.

The financial information relating to the financial years ended 31 December 2015 and 2014 included in this announcement of annual results does not constitute the Company’s statutory annual financial statements for those financial years but is derived from those financial statements. Further information relating to these statutory financial statements is disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2014 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31 December 2015 in due course. The Company’s auditor has reported on those financial statements for both years. The auditor’s reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2. SEGMENT INFORMATION

The Group manages its diversified businesses according to the nature of services and products provided. Management has determined three reportable operating segments for measuring performance and allocating resources. The segments are development property, investment property and hotel. No operating segment has been aggregated to form reportable segments.

Development property segment encompasses activities relating to the acquisition, development, design, sale and marketing of trading properties primarily in Mainland China.

Investment property segment primarily represents the property leasing of the Group's investment properties in Hong Kong. Some of the Group's development projects in Mainland China include properties which are intended to be held for investment purposes on completion.

Hotel segment represents the operations of Marco Polo Hongkong Hotel and Marco Polo Changzhou. It also includes Murray Building which is under construction.

Management evaluates performance based on operating profit as well as the equity share of results of associates and joint ventures of each segment.

Segment business assets principally comprise all tangible assets, intangible assets and current assets directly attributable to each segment with the exception of bank deposits and cash, available-for-sale investments, derivative financial instruments and deferred tax assets.

Revenue and expenses are allocated with reference to sales generated by those segments and expenses incurred by those segments or which arise from the depreciation of assets attributable to those segments.

(a) Analysis of segment revenue and results

	Revenue HK\$ Million	Operating profit HK\$ Million	Increase in fair value of investment properties HK\$ Million	Other net income HK\$ Million	Finance costs HK\$ Million	Joint ventures HK\$ Million	Associates HK\$ Million	Profit before taxation HK\$ Million
2015								
Development property	3,930	1,041	-	50	(13)	95	133	1,306
Investment property	344	309	37	-	(15)	-	-	331
Hotel	628	138	-	-	(4)	-	-	134
Segment total	4,902	1,488	37	50	(32)	95	133	1,771
Investment and others	146	146	-	29	(27)	-	-	148
Corporate expenses	-	(12)	-	-	-	-	-	(12)
Group total	5,048	1,622	37	79	(59)	95	133	1,907
2014								
Development property	4,361	380	-	2	(12)	97	(4)	463
Investment property	363	334	231	-	(12)	-	-	553
Hotel	674	175	-	-	(6)	-	-	169
Segment total	5,398	889	231	2	(30)	97	(4)	1,185
Investment and others	248	248	-	51	(5)	-	-	294
Corporate expenses	-	(13)	-	-	-	-	-	(13)
Group total	5,646	1,124	231	53	(35)	97	(4)	1,466

- (i) Substantially all depreciation was attributable to the Hotel Segment.
- (ii) No inter-segment revenue has been recorded during the current and prior years.

(b) Analysis of segment business assets

	2015 HK\$ Million	2014 HK\$ Million
Development property	6,885	9,772
Investment property	8,049	7,427
Hotel	5,773	5,505
Total segment business assets	20,707	22,704
Unallocated corporate assets	8,944	6,838
Total assets	29,651	29,542

- (i) *Hotel is stated at amortised cost. Should the completed hotel property be stated based on the valuation as at 31 December 2015 of HK\$4,754 million (2014: HK\$4,990 million), the total segment business assets would be increased to HK\$24,846 million (2014: HK\$27,023 million).*
- (ii) *Unallocated corporate assets mainly comprise available-for-sale investments, deferred tax assets, derivative financial assets and bank deposits and cash.*

(c) Geographical information

	Revenue		Operating profit	
	2015	2014	2015	2014
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
Hong Kong	946	1,038	503	549
Mainland China	4,064	4,575	1,081	542
Singapore	38	33	38	33
Group total	5,048	5,646	1,622	1,124

	Specified non-current assets		Total business assets	
	2015	2014	2015	2014
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
Hong Kong	10,438	10,105	10,705	10,354
Mainland China	6,762	6,763	10,002	12,350
Group total	17,200	16,868	20,707	22,704

Specified non-current assets exclude available-for-sale investments, deferred tax assets, derivative financial assets and other non-current assets.

The geographical location of revenue and operating profit are analysed based on the location at which services are provided and in the case of equity instruments, where they are listed. The geographical location of specified non-current assets and total business assets are based on the physical location of operations.

3. OPERATING PROFIT

Operating profit is arrived at:

	2015 HK\$ Million	2014 HK\$ Million
After charging/(crediting):		
Depreciation	62	63
Staff costs (Note i)	215	220
Auditors' remuneration	2	2
Cost of trading properties for recognised sales	2,768	3,859
Rental charges under operating leases	14	19
Gross rental revenue from investment property (Note ii)	(344)	(363)
Direct operating expenses of investment property	25	21
Interest income	(90)	(206)
Dividend income from listed investments	(56)	(42)

Notes:

(i) Staff costs included defined contribution pension schemes costs HK\$6 million (2014: HK\$9 million).

(ii) Rental income included contingent rentals of HK\$112 million (2014: HK\$163 million).

4. OTHER NET INCOME

	2015 HK\$ Million	2014 HK\$ Million
Profit on disposal of available-for-sale investments, including revaluation surplus of HK\$36 million (2014: HK\$Nil) transferred from the investments revaluation reserve	33	-
Net exchange gain, including the impact of forward foreign exchange contracts	46	53
	79	53

5. FINANCE COSTS

	2015 HK\$ Million	2014 HK\$ Million
Interest on bank borrowings	60	95
Other finance costs	31	66
	<u>91</u>	<u>161</u>
Less: Amount capitalised	(32)	(126)
	<u>59</u>	<u>35</u>

6. INCOME TAX

(a) Taxation charged to the consolidated income statement represents:

	2015 HK\$ Million	2014 HK\$ Million
Current income tax		
Hong Kong		
- provision for the year	80	96
- overprovision in respect of prior years	(2)	(2)
Mainland China		
- provision for the year	329	182
	<u>407</u>	<u>276</u>
Land appreciation tax ("LAT") (Note (d))	89	119
Deferred tax		
Origination and reversal of temporary differences	6	(40)
Total	<u>502</u>	<u>355</u>

(b) The provision for Hong Kong profits tax is at the rate of 16.5% (2014: 16.5%) of the estimated assessable profits for the year.

(c) Income tax on profits assessable in Mainland China are China corporate income tax calculated at a rate of 25% and China withholding tax at a rate of up to 10%.

- (d) Under the Provisional Regulations on LAT, all gains arising from transfer of real estate property in Mainland China are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights, borrowings costs and all property development expenditures.
- (e) Tax attributable to joint ventures and associates for the year ended 31 December 2015 of HK\$135 million (2014: HK\$88 million) is included in the share of results of joint ventures and associates.

7. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit for the year attributable to equity shareholders of HK\$1,231 million (2014: HK\$1,082 million) and the weighted average of 709 million (2014: 709 million) ordinary shares.

There were no potential dilutive ordinary shares in existence during the years ended 31 December 2015 and 2014.

8. DIVIDENDS ATTRIBUTABLE TO EQUITY SHAREHOLDERS

	2015 HK\$ Per share	2015 HK\$ Million	2014 HK\$ Per share	2014 HK\$ Million
First interim dividend declared and paid	0.14	99	0.12	85
Second interim dividend proposed after the end of the reporting period	0.56	397	0.48	340
	0.70	496	0.60	425

- (a) The proposed second interim dividend has not been recognised as a liability at the end of the reporting period.
- (b) The second interim dividend of HK\$340 million for 2014 was approved and paid in 2015.

9. TRADE AND OTHER RECEIVABLES

Included in this item are trade receivables (net of allowance for doubtful debts) with an ageing analysis based on invoice date as at 31 December 2015 as follows:

	2015 HK\$ Million	2014 HK\$ Million
Trade receivables		
0 - 30 days	168	187
31 - 60 days	1	-
Over 60 days	4	1
	173	188
Prepayments	399	348
Other receivables	48	165
Amounts due from fellow subsidiaries	40	15
	660	716

The Group has established credit policies for each of its core business. The general credit terms allowed range from 0 to 60 days, except for sale of properties the proceeds from which are receivable pursuant to the terms of the agreements. The amounts due from fellow subsidiaries are unsecured, interest free and recoverable on demand. All the trade and other receivables are expected to be recoverable within one year.

10. TRADE AND OTHER PAYABLES

Included in this item are trade payables with an ageing analysis as at 31 December 2015 as follows:

	2015 HK\$ Million	2014 HK\$ Million
Trade payables		
0 - 30 days	34	15
31 - 60 days	1	6
	35	21
Other payables and provisions	292	268
Construction costs payable	1,022	1,919
Amounts due to fellow subsidiaries	42	58
Amounts due to associates	1	1
Amounts due to joint ventures	1,208	1,036
	2,600	3,303

11. REVIEW OF RESULTS

The financial results for the year ended 31 December 2015 have been reviewed with no disagreement by the Audit Committee of the Company. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2015 have been agreed with the Company's Auditors to the amounts set out in the Group's consolidated financial statements for the year.

CORPORATE GOVERNANCE CODE

During the financial year ended 31 December 2015, all 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 of Hong Kong Limited were met by the Company, with one exception as regards Code Provision A.2.1 providing for the roles of chairman and chief executive to be performed by different individuals. Such deviation is deemed appropriate as it is considered to be more efficient to have one single person to be the Chairman of the Company as well as to discharge the executive functions of a chief executive. The Board of Directors believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high calibre individuals, with more than half of them being Independent Non-executive Directors.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities during the financial year under review.

BOOK CLOSURE

To ascertain Shareholders' entitlement to the abovementioned second interim dividend, the Register of Members will be closed from Tuesday, 5 April 2016 to Wednesday, 6 April 2016, both days inclusive, during which period no transfer of shares of the Company can be registered. In order to qualify for the second interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Registrars, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 1 April 2016.

To ascertain Shareholders' rights to attend and to vote at the forthcoming Annual General Meeting ("AGM") to be held on Thursday, 5 May 2016, the Register of Members will be closed from Wednesday, 4 May 2016 to Thursday, 5 May 2016, both days inclusive, during which period no transfer of shares of the Company can be registered. In order to be eligible for attending and voting at the AGM, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Registrars, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Tuesday, 3 May 2016.

By Order of the Board

Kevin C. Y. Hui

Director and Company Secretary

Hong Kong, 2 March 2016

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Stephen T. H. Ng, Hon. Frankie C. M. Yick and Mr. Kevin C. Y. Hui, together with five Independent Non-executive Directors, namely Dr. Joseph M. K. Chow, Mr. H. M. V. de Lacy Staunton, Hon. Andrew K. Y. Leung, Mr. Michael T. P. Sze and Mr. Brian S. K. Tang.